

G. Economic Conditions

1. Introduction

This section provides a summary of the economic and fiscal analysis of the proposed development project. The entire text of the reports entitled, Economic and Fiscal Impacts of Dover Knolls and Market Study for Dover Knolls, can be found in the Appendix.

The analysis considers one-time economic benefits from construction of the proposed project and the recurring annual economic benefits generated after the project is completed. Economic impacts including spending, employment, and employee compensation are quantified. The analysis also estimates the tax revenues that will be generated by the project during construction and after completion. Property tax revenue, sales tax revenue, and income tax revenue are also considered. The analysis also quantifies revenue to be generated from building permit fees.

2. Construction Period

To estimate the one-time economic impact resulting from the planning, financing, and construction phase of the proposed development, a development budget of \$614 million (based on the estimated construction budget and excluding land cost), was used. Table III.G-1 presents the detailed construction budget for the Proposed Project.

**Table III.G-1
Development Program Development Budget (2008\$)**

Program Element	Units	SF/Unit	Total SF	Vertical Construction Cost (PSF) ¹	Total Construction Cost
Residential					
Single Family	454	2,500	1,120,900	\$170	\$191,918,000
Duplex	150	1,900	288,700	\$180	\$51,966,000
Townhouse	152	2,000	298,000	\$150	\$44,703,000
Stacked Townhouse	200	1,400	280,600	\$150	\$42,090,000
Flats	242	1,100	269,800	\$180	\$48,569,000
Residential over Retail	111	1,400	154,800	\$180	\$27,872,000
<u>Conversions</u>	<u>67</u>	<u>1,500</u>	<u>102,300</u>	<u>\$200</u>	<u>\$20,876,000</u>
<i>Residential Total</i>	<i>1,376</i>	<i>1,800</i>	<i>2,515,200</i>	<i>\$170</i>	<i>\$427,994,000</i>
Commercial					
Retail			170,500	\$180	\$30,690,000
<u>Office</u>			<u>75,000</u>	<u>\$180</u>	<u>\$13,500,000</u>
<i>Commercial Total</i>			<i>245,500</i>	<i>\$180</i>	<i>\$44,190,000</i>
Vertical Construction			2,760,700	\$170	\$472,184,000
Site Development Costs²					\$141,670,000
Total Construction Cost					\$613,854,000

Source: Benjamin Companies; Economics Research Associates

¹ Vertical construction cost includes hard costs and soft costs.

² Excludes land cost.

Using the development budget and computer modeling (see the Economic and Fiscal Impacts of Dover Knolls Report in the Appendix for additional detail on the IMPLAN model), estimates of spending, employment, and employee compensation in Dutchess County attributable to planning, financing, and construction for the proposed project were developed. Project construction will rely, to the extent practicable, on labor and materials from within Dutchess County. The analysis assumes that hard costs (i.e., construction costs) equal \$535 million, 15 percent of which is builder profit that would be leaked from the Dutchess County economy. The analysis assumes that soft costs equal 20 percent of vertical hard costs and are divided equally between engineering, architecture, financial services, and other support services. In total, roughly \$534 million in planning, financial, and construction-related costs will be spent in Dutchess County. Table III.G-2 presents the one-time direct economic impact resulting from the development phase of the proposed project.

Table III.G-2
One-Time Impacts Attributable to Development of Dover Knolls (2008\$)

Economic Activity	Direct Spending¹	Direct Employment	Employee Compensation	Average Compensation Per Employee
<u>Hard Costs</u>				
Single-Family Construction	\$135,942,000	690	\$38,832,000	\$56,000
Multifamily Construction	\$167,221,000	1,390	\$78,006,000	\$56,000
Commercial Construction	\$31,301,000	230	\$12,720,000	\$56,000
<u>Site Development</u>	<u>\$120,419,000</u>	<u>550</u>	<u>\$40,869,000</u>	<u>\$75,000</u>
<i>Subtotal</i>	<i>\$454,883,000</i>	<i>2,860</i>	<i>\$170,427,000</i>	<i>\$60,000</i>
<u>Soft Costs</u>				
Architecture	\$19,674,000	170	\$7,838,000	\$46,000
Engineering	\$19,674,000	170	\$7,838,000	\$46,000
Financial Institutions	\$19,674,000	70	\$8,155,000	\$110,000
<u>Other Support Services</u>	<u>\$19,674,000</u>	<u>120</u>	<u>\$5,714,000</u>	<u>\$47,000</u>
<i>Subtotal</i>	<i>\$78,697,000</i>	<i>540</i>	<i>\$29,545,000</i>	<i>\$55,000</i>
Total	\$533,580,000	3,400	\$199,972,000	\$59,000

Source: The Benjamin Companies; IMPLAN; Economics Research Associates

¹ Direct spending on construction is adjusted downward by 15 percent to account for builder profit leaked from Dutchess County.

The development phase of the proposed project will support direct employment of approximately 3,400 jobs with associated compensation of nearly \$200 million. Development impacts attributable to the project will last for the duration of the development period only.

The analysis estimates that direct employment supported by development of the proposed project will include approximately 2,860 construction jobs, 170 architecture jobs, 170 engineering jobs, 70 finance jobs, and 120 support service jobs. Annual compensation will average approximately \$59,000.

**Table III.G-3
One-Time Impacts from Construction (2008\$)**

Economic Impact	Spending	Employment	Employee Compensation
Direct Economic Impact	\$533,580,000	3,400	\$199,972,000
Indirect/Induced Economic Impact	\$284,546,000	2,600	\$90,753,000
Total Economic Impact ¹	\$818,126,000	6,000	\$290,725,000

Source: The Benjamin Companies; IMPLAN; Economics Research Associates
Includes Direct, Indirect and Induced Impacts

It is estimated that the planning, financing, and construction of the proposed project will support a total of 6,000 jobs with associated earnings of more than \$291 million in Dutchess County. These jobs and associated income will be spread out over the development time horizon. For example, if development of the proposed project is completed over a ten-year period, the total annual employment supported by the project would be about 600 with associated annual compensation of about \$29 million. It is estimated that the one-time total economic output supported by the proposed development project would be roughly \$818 million in Dutchess County, including nearly \$534 million in direct spending and \$285 million in indirect and induced spending.

3. Operations Period

The proposed development will create a variety of new job opportunities in Dutchess County. To determine employment generated by the project, this analysis considers potential spending that would be directly attributable to the project, including residential management and maintenance spending (i.e., homeowners association spending), retail spending, and office tenant revenues at the project. Table III.G-4 presents estimates of direct spending that would be generated by the residential and commercial uses proposed for Dover Knolls.

**Table III.G-4
Recurring Annual Direct Spending (2008\$)**

Program Element	Units	Square Feet	Total Square Feet	Vacancy Factor	Direct Spending/Unit/SF¹	Total Direct Spending
Residential	1,376	1,828	2,515,200	0%	\$1,870	\$2,576,000
Commercial			245,500	10%	\$290	\$63,601,000
Project Total			2,760,700			\$66,177,000

Source: The Benjamin Companies; IMPLAN; Economics Research Associates

1. Residential spending is based on comparable development projects. Note that spending associated with residential units reflects upkeep of the units and does not capture household spending on other goods and services. Commercial spending is based on retail revenues of \$2000 per square foot and office revenues of \$490 per square foot.

It is estimated that each residential unit will generate approximately \$1,870 in residential management and maintenance spending annually, based on spending at similar residential developments. When fully built out, the residential component of the proposed project will generate nearly \$2.6 million in spending, annually.

Further, estimates indicate that the commercial component of the proposed program will generate about \$290 in spending per square foot. The spending projection reflects retail sales of \$200 per square foot and office revenues of \$490 per square foot. At build out, the commercial offerings will generate a total of over \$66 million in spending, annually. While additional local spending on goods and services may be generated by households moving to the residential component of the project (e.g., retail purchases at existing Dover businesses), such spending is not quantified by this analysis.

The proposed project is estimated to generate direct permanent employment of about 810 jobs with associated annual compensation of nearly \$27 million. As detailed in Table III.G-5, these jobs include approximately 40 jobs associated with residential uses and 770 jobs associated with commercial uses. Jobs associated with residential uses include property management, professional services (e.g., legal), administrative, maintenance, sanitation, and security positions. Employee compensation will average about \$35,000 per year. Retail jobs will likely include managers, supervisors, sales representatives, clerks, and cashiers. Office employment will likely include accounting, legal, consulting, medical, and insurance jobs. Compensation for jobs supported by the commercial component will average about \$34,000 per year.

Table III.G-5
Recurring Annual Direct Impacts (2008\$)

Program Element	Direct Spending	Direct Employment	Employee Compensation	Average Compensation Per Employee
Residential	\$2,576,000	40	\$1,335,000	\$36,000
Commercial	\$63,601,000	770	\$26,144,000	\$34,000
Project Total	\$66,177,000	810	\$27,479,000	\$34,000

Source: IMPLAN; Economics Research Associates

To examine the degree to which employees taking jobs at the project would be expected to reside in Dover and surrounding communities, ERA examined journey-to-work data from the 2000 Census. These data reveal that about 46 percent of workers in Dover are Town residents. Dover workers also commonly live in Amenia (5.0 percent), Pawling (3.8 percent), and LaGrange (3.5 percent). ERA anticipates that workers at the proposed project would make similar housing location choices to employees currently working in the Town of Dover.

**Table III.G-6
Dover Workers' Place of Residence**

Community	Percent
Dover	45.8%
Amenia	5.0%
Pawling	3.8%
LaGrange	3.5%
Poughkeepsie (Town)	3.5%
Hyde Park	3.1%
Poughkeepsie (City)	3.1%
Union Vale	2.5%
Rhinebeck	2.2%
Beekman	1.6%
Stanford	1.6%
Wappinger	1.6%
Other	22.8%
Total	100.0%

Source: Census 2000; Economics Research Associates

When built out and fully operational, the proposed project will generate total employment of approximately 1,120 jobs with associated annual earnings of approximately \$38 million in Dutchess County. Analysis indicates that the recurring total annual economic output generated by Dover Knolls would be nearly \$101 million in Dutchess County, including over \$66 million in direct spending and nearly \$35 million in indirect and induced spending.

**Table III.G-7
Recurring Annual Impacts from Operations (2008\$)**

Economic Impact	Spending	Employment	Employee Compensation
Direct Economic Impact	\$66,177,000	810	\$27,479,000
Indirect/Induced Economic Impact	\$34,694,000	310	\$10,698,000
Total Economic Impact¹	\$100,871,000	1,120	\$38,177,000

Source: The Benjamin Companies; IMPLAN; Economics Research Associates
Includes Direct, Indirect and Induced Impacts

4. Fiscal Benefits

In addition to regional economic impacts, the proposed development will generate significant tax revenues for the Town of Dover, Dutchess County, and New York State. There will be one-time fiscal benefits from construction, including sales tax revenue and income tax revenue, which accrues to Dutchess County and New York State. In addition, there will be permanent fiscal impacts including revenues from real property taxes that benefit the Town of Dover and Dutchess County, sales tax revenues accruing to Dutchess County and New York State, and New York State income tax revenues from jobs created by the project. Table III.G-7 presents a summary of potential one-time and permanent tax revenues, assuming current tax rates.

**Table III.G-8
Tax Revenue Summary (2008\$)**

Tax	Dover School District	Town of Dover	Dutchess County²	New York State	Total
One-Time Fiscal Benefits¹					
Sales Tax Revenue	\$0	\$0	\$8,027,000	\$8,563,000	\$16,590,000
Income Tax Revenue	\$0	\$0	\$0	\$1,087,000	\$1,087,000
<u>Permit Revenue</u>	<u>\$0</u>	<u>\$1,020,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,020,000</u>
<i>Total Tax Revenue</i>	<i>\$0</i>	<i>\$1,020,000</i>	<i>\$8,027,000</i>	<i>\$9,650,000</i>	<i>\$18,697,000</i>
Permanent Fiscal Benefits (Stabilized Year)¹					
Property Tax Revenue	\$7,161,000	\$1,397,000	\$1,255,000	\$0	\$9,814,000
Sales Tax Revenue	\$0	\$0	\$881,000	\$940,000	\$1,820,000
<u>Income Tax Revenue</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$417,000</u>	<u>\$417,000</u>
<i>Total Tax Revenue</i>	<i>\$7,161,000</i>	<i>\$1,397,000</i>	<i>\$2,136,000</i>	<i>\$1,357,000</i>	<i>\$12,051,000</i>

Source: Economics Research Associates

¹ Empire Zone and 485-b tax incentives may reduce tax revenues slightly. A small portion of the Dover Knolls site is contained within a designated Empire Zone. In addition, the Town of Dover participates in the 485-b real estate tax abatement program. These economic development programs may offer sales tax and real estate tax benefits. However, given the small footprint of the empire zone and the residential/retail mix planned for the site, relatively minor tax benefits are likely.

² Note that Dutchess County redistributes sales tax revenue (less a small administrative fee) to municipalities within the County.

a. Sales Tax Revenue

The sales tax in Dutchess County is 8.125 percent. The County rate is 3.75 percent and the New York State rate is 4 percent. Sales taxes on construction materials will generate one-time tax revenues for Dutchess County and New York State. Using the construction budget provided by the Applicant and assuming that construction materials purchased in Dutchess County will make up 40 percent of hard construction costs, construction materials spending is estimated to generate approximately \$8.0 million in sale tax revenue for Dutchess County and \$8.6 million for New York State. Table III.G-8 below presents on-time sales tax revenues.

**Table III.G-9
One-Time Sales Tax Revenue (2008\$)**

Program Element	Taxable Sales¹	County Tax Revenue (at 3.75%)	NYS Tax Revenue (at 4.00%)
Residential Construction	\$142,665,000	\$5,350,000	\$5,707,000
Commercial Construction	\$14,730,000	\$552,000	\$589,000
<u>Site Development Costs</u>	<u>\$56,668,000</u>	<u>\$2,125,000</u>	<u>\$2,267,000</u>
Total	\$214,063,000	\$8,027,000	\$8,563,000

Source: The Benjamin Companies; Economics Research Associates

¹ Assumes 40 percent of hard costs are taxable materials purchases.

The retail component of the proposed project will generate permanent sales tax revenues for Dutchess County and New York State. Based on retail sales of \$200 per square foot, retail uses are estimated to generate about \$881,000 in sales tax revenue for Dutchess County and \$940,000 for New York State, annually.

Table III.G-10
Recurring Annual Sales Tax Revenue (2008\$)

Program Element	Annual Revenue	Annual County Tax Revenue (at 3.75%)	Annual NYS Tax Revenue (at 4.00%)
Food and Beverage	\$7,200,000	\$0 ¹	\$0 ¹
Retail and Restaurant	\$23,490,000	\$881,000	\$940,000
Total	\$30,690,000	\$881,000	\$940,000

Source: Economics Research Associates

¹ Sales of unprepared foods and beverages are not taxable in New York State.

b. Income Tax Revenue

Data from the New York Department of Taxation and Finance were reviewed to determine the effective income tax rate paid by New York State residents, by income bracket. These data revealed that the effective tax rate for tax filers ranges from zero to over 6.7 percent, depending on their adjusted gross income bracket. Tax filers earning an adjusted gross income less than \$20,000 did not have positive tax liability after receiving public assistance from the State.

Construction of the proposed project will support income taxes accruing to New York State. As shown in Table III.G-10, the 3,400 jobs directly supported by development of the proposed project will generate approximately \$1.1 million in income tax revenue. These tax revenues will be spread out over the duration of the construction project.

Table III.G-11
One-Time Income Tax Revenue (2008\$)

Program	Direct Jobs	Average Salary	Adjusted Gross Income ¹	Effective Tax Rate	NYS Income Tax
Hard Costs					
Single-Family Construction	690	\$55,900	\$48,400	3.4%	\$1,155,000
Multifamily Construction	1,390	\$55,900	\$48,400	3.4%	\$2,321,000
Commercial Construction	230	\$55,900	\$48,400	3.4%	\$378,000
Site Development	550	\$74,700	\$67,200	4.1%	\$1,510,000
<i>Subtotal</i>	2,860				\$5,365,000
Soft Costs					
Architecture	170	\$46,100	\$38,600	2.8%	\$184,000
Engineering	170	\$46,100	\$38,600	2.8%	\$184,000
Financial Institutions	70	\$110,500	\$103,000	5.3%	\$401,000
Other Support Services	120	\$46,500	\$39,000	2.8%	\$134,000

Program	Direct Jobs	Average Salary	Adjusted Gross Income ¹	Effective Tax Rate	NYS Income Tax
<i>Subtotal</i>	540				\$903,000
Total	3,400				\$1,087,000

Source: New York Department of Taxation and Finance, 2007; Economics Research Associates

¹ Analysis assumes single and married filing separately

As shown in Table III.G-11, below permanent jobs created directly by the proposed project area estimated to generate about \$417,000 annually in income tax revenues for the State of New York.

Table III.G-12
Recurring Annual Income Tax Revenues

Program	Direct Jobs	Average Salary	Adjusted Gross Income	Effective Tax Rate	NYS Income Tax
<u>Residential</u>					
Management	2	\$69,700	\$62,200	4.1%	\$4,600
Legal	1	\$39,500	\$32,000	2.8%	\$600
Administration	2	\$49,600	\$42,100	3.4%	\$2,600
Maintenance	19	\$38,600	\$31,100	2.8%	\$16,100
Sanitation	1	\$59,300	\$51,800	3.8%	\$2,000
<u>Security</u>	<u>14</u>	<u>\$23,700</u>	<u>\$16,200</u>	<u>0.0%</u>	<u>\$0</u>
<i>Residential Total</i>	<i>37</i>				<i>\$25,900</i>
<u>Commercial</u>					
Retail	500	\$25,484	\$18,484	0.0%	\$0
<u>Office</u>	<u>270</u>	<u>\$49,700</u>	<u>\$42,200</u>	<u>3.4%</u>	<u>\$391,200</u>
<i>Commercial Total</i>	<i>770</i>				<i>\$391,200</i>
Total	807				\$417,100

Source: New York Department of Taxation and Finance, 2007; Economics Research Associates

¹ Analysis assumes single and married filing separately filers

c. Property Tax Revenue

According to the Town of Dover Assessor's Office, property-based taxes at the proposed project site include Town property tax, school district tax, fire district tax, and library district tax. In addition, Dutchess County also collects property tax revenues. Table III.G-12 illustrates the division of property-based taxes among the Town of Dover, Town of Dover districts, and Dutchess County

Table III.G-13
Current Property Tax Rates

Property Tax	Tax (per \$1,000 assessed value)	Tax Rate (% of assessed value)
<u>Town of Dover</u>		
Property Tax	\$5.02	0.502%

Property Tax	Tax (per \$1,000 assessed value)	Tax Rate (% of assessed value)
School District Tax	\$35.33	3.533%
Fire District Tax	\$1.38	0.138%
Library	\$0.49	0.049%
Dutchess County		
Property Tax	\$6.19	0.619%
Total Tax Bill	\$48.41	4.841%

Source: Dutchess County Assessor's Office; Economics Research Associates

Potential property taxes are generated using estimated market values, assessed values, and current tax rates. The analysis relies on sales data from a variety of comparable residential development projects to estimate market values. The residential market values utilized by this analysis range from of about \$200 to \$300 per square foot.

The market value of commercial property is estimated using the income capitalization approach. This method converts the expected future net income (i.e., gross revenues less operating expenses) of an income-producing property to a lump-sum capital value by discounting future net earnings to present value. For the commercial space at the proposed project, market value is estimated at approximately \$209 per square foot using a capitalization rate of eight percent. Table III.G-13 presents estimated market values and assessed values for the proposed development, assuming that the project is fully operational.

Table III.G-14
Market Values at Dover Knolls (2008\$)

Program Element	Units	Square Feet Per Unit	Total Square Feet	Market Value Per Square Foot	Total Market Value
Residential					
Single Family	454	2,470	1,120,920	\$250	\$278,723,000
Duplex	150	1,920	288,700	\$230	\$66,770,000
Townhouse	152	1,960	298,020	\$240	\$70,400,000
Stacked Townhouse	200	1,400	280,600	\$280	\$79,800,000
Flats	242	1,120	269,830	\$260	\$71,390,000
Residential over Retail	111	1,400	154,850	\$250	\$39,405,000
<u>Conversions</u>	<u>67</u>	<u>1,530</u>	<u>102,280</u>	<u>\$260</u>	<u>\$26,375,000</u>
<i>Residential Total</i>	<i>1,376</i>	<i>1,830</i>	<i>2,515,200</i>	<i>\$250</i>	<i>\$632,863,000</i>
Commercial					
<i>Commercial Total</i>			<i>245,500</i>	<i>\$210</i>	<i>\$51,260,000</i>
Project Total			2,760,700	\$250	\$684,123,000

Source: Benjamin Companies; Economics Research Associates

According to the Town of Dover Assessor's Office, assessed value equals 40 percent of market value. It is assumed that the Town assessor will value condominium products at

50 percent of their true market value, given New York State valuation guidelines for such units. Table III.G-13, Market Values at Dover Knolls, presents the true market values relied upon by the analysis. As shown in Table III.G-14, Property Tax Revenue Estimates (Build Out, 2008 dollars), the proposed development will generate roughly \$9.8 million in property tax revenue. Of this amount, the Town will retain nearly \$8.6 million and the County will retain about \$1.3 million.

Table III.G-15
Property Tax Revenue Estimates
(2008\$)

Program Element	Total Assessed Value	Town of Dover					Dutchess County Property Tax	Total
		Property Tax	School District Revenues ¹	Fire District Revenues	Library District Revenues	Town of Dover Total		
<u>Residential</u>								
Single Family	\$111,489,000	\$560,000	\$3,938,000	\$154,000	\$55,000	\$4,652,000	\$690,000	\$5,342,000
Duplex	\$13,354,000	\$67,000	\$471,000	\$18,000	\$7,000	\$557,000	\$83,000	\$639,000
Townhouse	\$14,080,000	\$71,000	\$497,000	\$19,000	\$7,000	\$587,000	\$87,000	\$674,000
Stacked Townhouse	\$15,960,000	\$80,000	\$563,000	\$22,000	\$8,000	\$665,000	\$99,000	\$764,000
Flats	\$14,278,000	\$72,000	\$504,000	\$20,000	\$7,000	\$595,000	\$88,000	\$683,000
Residential over Retail	\$7,881,000	\$40,000	\$278,000	\$11,000	\$4,000	\$328,000	\$49,000	\$377,000
<u>Conversions</u>	<u>\$5,275,000</u>	<u>\$26,000</u>	<u>\$186,000</u>	<u>\$7,000</u>	<u>\$3,000</u>	<u>\$219,000</u>	<u>\$33,000</u>	<u>\$252,000</u>
<i>Residential Total</i>	<i>\$182,317,000</i>	<i>\$915,000</i>	<i>\$6,436,000</i>	<i>\$252,000</i>	<i>\$89,000</i>	<i>\$7,692,000</i>	<i>\$1,129,000</i>	<i>\$8,821,000</i>
<u>Commercial</u>								
<i>Commercial Total</i>	<i>\$20,504,000</i>	<i>\$103,000</i>	<i>\$724,000</i>	<i>\$28,000</i>	<i>\$10,000</i>	<i>\$866,000</i>	<i>\$127,000</i>	<i>\$993,000</i>
Project Total	\$202,821,000	\$1,018,000	\$7,161,000	\$280,000	\$99,000	\$8,558,000	\$1,255,000	\$9,814,000

Source: Benjamin Companies; Economics Research Associates

¹ Assumes all household receive the Basic STAR Exemption which reduces assessed value by \$20,070.

d. Building Permit Fees

Building permit fees detailed in the Town of Dover municipal code were reviewed. Based on the proposed development program, and as shown in Table III.G-15, it is estimated that the project will generate over \$1 million in fees for the Town of Dover. Fees for residential construction permits will total about \$870,000. Fees for commercial construction permits will total nearly \$150,000. Additional fees for demolition, driveways, and fireplaces may apply.

**Table III.G-16
Construction Permit Fees**

Program Element	Town of Dover Fees¹
Residential	\$870,000
Commercial	\$150,000
Total	\$1,020,000

5. Economic Impact Analysis

a. Primary Retail Trade Area for the Proposed Project

The retail market demand analysis identifies two key trade areas that comprise the core group of consumers that will generate demand for goods and services at the proposed project. The extent of each trade area is largely based on the potential scale of the project and the competitive retail landscape. Additional detail regarding the methodology used to determine the trade area is included in the full Market Study for Dover Knolls included in the Appendix.

The analysis defines a Convenience Goods Trade Area and a Comparison Goods Trade Area. The Convenience Goods Trade Area includes households most likely to frequently shop at the proposed project for day-to-day consumer goods. The Comparison Goods Trade Area reflects a larger region and includes households that will likely shop at Dover Knolls for purchases that involve comparing prices among a variety of stores.

(1) Convenience Goods Trade Area

Those block groups located closest to Dover Knolls contain the households that are most likely to travel to the project for convenience retail. Convenience retail, typically found in neighborhood shopping centers, relies on households making frequent trips to purchase goods for day-to-day consumption. This distinction applies to six of the fifteen retail categories analyzed, including food and beverage stores (supermarkets, convenience stores, specialty food, and liquor stores), health and personal care stores, and miscellaneous store retailers (e.g., florists, office supply store, pet/pet supply stores).

(2) Comparison Goods Trade Area

The Comparison Goods Trade Area is significantly larger than the Convenience Goods Trade Area and includes those households that are most likely to travel to Dover Knolls for comparison purchases. Consumers are willing to travel longer distances to make purchases which require a comparison of products and prices at a variety of stores. Seven of the fifteen retail categories considered by this analysis fit this description, including furniture and home furnishings stores; electronics and appliance stores; building material and garden equipment stores; clothing and clothing accessories stores; sporting goods, hobby, book, and music stores; general merchandise stores; and foodservice and drinking places.

b. Trade Area Definition

Figure III.G-1 graphically depicts the two trade areas analyzed as part of this retail market study. The Convenience Goods Trade Area consists of 25 block groups in eastern Dutchess County and western Connecticut¹. The Convenience Goods Trade Area reflects expenditure potential within the north/south transportation corridor along the Route 22 and to a lesser extent, the expenditure potential within east/west corridors such as Route 343, Route 44, and County Route 21. The Comparison Goods Trade Area encompasses the Convenience Goods Trade Area and 20 additional block groups located in central Dutchess County and western Connecticut.

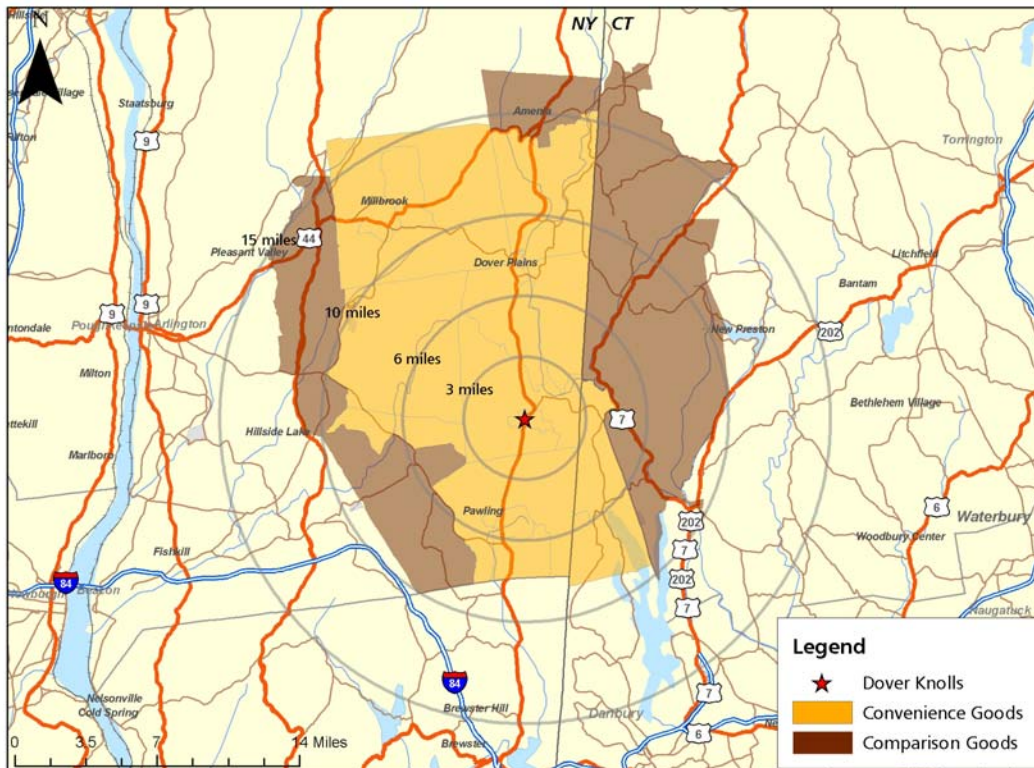


Figure III.G-1- Convenience and Comparison Goods Trade Area; Source: Economics Research Associates

¹ Block groups are the smallest geographic unit for which the US Census Bureau provides demographic and economic data.

c. Profile of the Most Potentially Competitive Stores within the Town of Dover and Surrounding Towns

To better understand current shopping patterns in the retail trade areas, existing retail offerings were examined, with a focus on traditional shopping centers and mall-format retail. Table III.G-16 presents major shopping malls in Dutchess County and Western Connecticut. A detailed description of the shopping centers can be found in the full Market Study for Dover Knolls report included in the Appendix.

Table III.G-17
Major Shopping Malls in Dutchess County and Western Connecticut

Center Name	City	GLA ¹	Opened	Anchors and Major Tenants
Danbury Fair Mall	Danbury, CT	1,295,068	1986	Macy's, Lord & Taylor, JCPenney, Sears
Poughkeepsie Galleria	Poughkeepsie, NY	1,100,000	1987	Filene's, JCPenney, Target, Sears, Best Buy, Dick's Sporting Goods
The Shoppes at South Hills	Poughkeepsie, NY	560,313 ²	1978	Kmart, Burlington Coat Factory, ShopRite, Silver Cinemas
Berkshire Shopping Center	Danbury, CT	350,000	1961	Wal-Mart, Marshalls, Staples
Dutchess Mall	Fishkill, NY	365,021 ³	1978	Home Depot; redevelopment site
Hudson Plaza	Poughkeepsie, NY	320,000	1963	Price Chopper Supermarket, T.J. Maxx, HomeGoods
Post Road Plaza	Poughkeepsie, NY	300,000	1996	Super Stop & Shop, Office Depot, Barnes & Noble, Linens & Things

Source: CoStar Group; Economics Research Associates

¹ Gross Leasable Area (GLA).

² Under Construction.

³ Home Depot may have modified total GLA estimate.

(1) Large-Format Retail Locations

In order to better understand the retail competitive landscape, large-format retailers in the region were identified. Table III.G-17, Regional Large-Format Retailers provides detailed information concerning large-format retail most proximate to Dover. Note that the retailers identified, including Walmart, Home Depot, Lowe's, BJ's, Sam's Club, and Target, are located outside the Dover Knolls retail trade area. Large-format retailers are primarily located on the Route 9 corridor and in Danbury, CT near I-84. In addition, a Costco, Walmart, Home Depot, Staples, and TJ Maxx are located on or near Route 7 in Brookfield and New Milford, CT, about 15 miles driving distance from Dover. Other large-format retailers nearby include Marshall's, Home Depot, and Linen's N Things located in Brewster. The bulk of these stores range in size between 100,000 and 150,000 square feet, though some are as large as 200,000 square feet.

**Table III.G-18
Regional Large-Format Retailers**

Name	Address	City
Costco	200 Federal Road	Brookfield, CT
Walmart	164 Danbury Road	New Milford, CT
Home Depot	104 Danbury Road	New Milford, CT
Walmart	67 Newtown Road	Danbury, CT
Home Depot	114 Federal Road	Danbury, CT
Lowes	67 Eagle Road	Danbury, CT
Home Depot	80 Independence Way SE	Brewster, NY
BJ's	3303 Crompond Road	Yorktown Heights, NY
Walmart	26 West Merritt Blvd	Fishkill, NY
Home Depot	450 State Route 9	Fishkill, NY
Sam's Club	56 West Merritt Blvd.	Fishkill, NY
Home Depot	1570 Route 9	Wappingers Falls, NY
BJ's	1357 Route 9	Wappingers Falls, NY
Lowes	790 South Road	Poughkeepsie, NY
Target	7 Stony Hill Road	Bethel, CT
Target	2001 South Road	Poughkeepsie, NY

Source: Economics Research Associates

(2) Supermarkets

In order to understand the competitive landscape for supermarkets and other food retailers, stores in the region (see Table III.G-18, Wingdale Area Supermarkets) were identified. The nearest supermarket to Dover Knolls is the Wingdale Supermarket. The Hannaford to the south and Foodtown to the north on Route 22 also serve the local area.

**Table III.G-19
Wingdale Area Supermarkets**

Name	Address	City
Wingdale Supermarket	1815 Route 22	Wingdale, NY
Sherman IGA	Route 39 N	Sherman, CT
Foodtown	3081 Route 22	Dover Plains, NY
Stop & Shop Supermarket	1328 Beekman Road	Hopewell Junction, NY
Hannaford Supermarket	162 Route 22	Pawling, NY
Hannaford Supermarket	152 Stringham Road	Lagrangeville, NY
A&P Food Market	3101 Route 22	Patterson, NY
A&P Food Market	829 Route 82	Hopewell Junction, NY
A&P Food Market	1642 Route 82	Lagrangeville, NY
A&P Food Market	Route 44 & North Avenue	Pleasant Valley, NY
Big Y Market	1 Kent Road	New Milford, CT
Bank Street Natural Foods	10 Bank St	New Milford, CT

Name	Address	City
Northville Market	301 Litchfield Road	New Milford, CT
Super Stop & Shop	180 Danbury Road	New Milford, CT
Marona's Market	32 Front St	Millbrook, NY
Brennan's Supermarket	2517 Route 44	Salt Point, NY
Shaw's Supermarket	25 Route 39	New Fairfield, CT
Foodtown	5094 Route 22	Amenia, NY

Source: Economics Research Associates

d. Profile of Shoppers within the Primary Trade Area

Table III.G-19, Trade Area Households presents historical and projected trends in household growth within the Convenience Goods Trade Area and the Comparison Goods Trade Area, 2000 through 2019². As shown, in 2007 there were 11,901 households in the Convenience Goods Trade Area and 25,288 households in the Comparison Goods Trade Area. The analysis provides estimates to 2012 and based on the growth rate from 2007 to 2012, and further estimates the number of households in the build year of 2019. It is estimated that the Convenience Goods Trade Area will add 1,951 households for a total of over 13,852 households while the Comparison Goods Trade Area will add 3,398 households for a total of 28,686 households by 2019.

Table III.G-20
Trade Area Households

Trade Area	2000	2007	2019	Annualized Growth	
				2000-2007	2007-2019
Convenience Goods Trade Area	10,726	11,901	13,852	1.5%	1.3%
Comparison Goods Trade Area	22,943	25,288	28,686	1.4%	1.1%

Source: Claritas; Economics Research Associates

The analysis estimates the expenditure potential of households in the trade areas (i.e., dollars available to be spent on the retail categories) in 2007 using spending data and the estimated number of trade area households. In 2007, households in the trade areas spent approximately \$725 million (2007\$) on retail purchases. Table III.G-20 presents the average and aggregate household expenditure potential in each of the retail categories analyzed. As shown, these data indicate there is over \$125 million in convenience-goods expenditure potential and over \$600 million in comparison-goods expenditure potential within the Dover Knolls trade area.

The analysis includes detailed Food and Beverage categories including supermarkets, convenience stores, specialty food stores, and liquor stores. A thorough analysis of these retail categories allows for well-refined estimates of demand for Food and Beverage retail, a priority for the community. As shown in Table III.G-20, supermarkets contain

² ERA residential demand modeling indicates potential build-out of the proposed project residential program by 2019.

the highest share of expenditure potential at \$66.6 million while convenience stores, specialty food stores, and liquor stores together total \$10.9 million.

**Table III.G-21
Household Expenditure Potential 2007**

Retail Category	Household Expenditure Potential	
	Average	Aggregate
Convenience Goods Trade Area		
Supermarkets, Grocery (Ex Conv) Stores	\$ 5,598	\$ 66,621,643
Convenience Stores	298	3,544,677
Specialty Food Stores	204	2,426,354
Beer, Wine and Liquor Stores	413	4,914,099
Health and Personal Care Stores	2,447	29,126,299
<u>Miscellaneous Store Retailers</u>	<u>1,597</u>	<u>19,004,416</u>
Convenience Goods Trade Area Total	\$ 10,557	\$ 125,637,488
Comparison Goods Trade Area		
Furniture and Home Furnishings Stores	\$ 1,498	\$ 37,887,161
Electronics and Appliance Stores	1,253	31,696,878
Building Material, Garden Equip Stores	6,118	154,707,831
Clothing and Clothing Accessories Stores	2,603	65,834,236
Sporting Goods, Hobby, Book, Music Stores	977	24,698,418
General Merchandise Stores	6,219	157,261,025
<u>Foodservice and Drinking Places</u>	<u>5,061</u>	<u>127,981,108</u>
Comparison Goods Trade Area Total	\$ 23,729	\$ 600,066,657
Combined Trade Area Total	\$ 34,286	\$ 725,704,145

Source: Claritas; Economics Research Associates

e. Profile of the Retail/Entertainment Sector

Using the estimates of unmet retail expenditure and the midpoint estimate of sales productivity, the unmet potential for retail space within the trade area in 2007 and 2019 was calculated. It is noted that these figures represent the total potential within the entire trade area, not the amount that could be accommodated at any one location. In 2007, the unmet retail potential totals 1.03 million square while in 2019 the unmet retail potential grows to 1.33 million square feet. Unmet retail potential represents the total leakage of retail demand from the trade area that new retailers might hope to capture. Because some sales leakage is unavoidable as household spending occurs outside the trade area when household members travel, only a portion of the total retail potential can realistically be captured by any one project. Tables III.G-21 and III.G-22 present the projected level of unmet potential for retail space by retail category within the trade area in 2007 and 2019 respectively.

**Table III.G-22
Unmet Retail Expenditure Potential 2007**

Retail Category	Aggregate Expenditure Potential	Current Retail Sales	2007 Unmet Expenditure Potential
	<i>(a)</i>	<i>(b)</i>	<i>(c) = (a) - (b)</i>
Convenience Goods Trade Area			
Supermarkets, Grocery (Ex Conv) Stores	\$ 66,621,643	\$ 78,985,538	\$ -
Convenience Stores	3,544,677	1,060,517	2,484,160
Specialty Food Stores	2,426,354	1,093,896	1,332,458
Beer, Wine and Liquor Stores	4,914,099	3,817,508	1,096,591
Health and Personal Care Stores	29,126,299	14,317,190	14,809,109
Miscellaneous Store Retailers	19,004,416	10,054,236	8,950,180
Convenience Goods Trade Area Total	\$ 125,637,488	\$ 109,328,885	\$ 28,672,498
Comparison Goods Trade Area			
Furniture and Home Furnishings Stores	\$ 37,887,161	\$ 21,522,926	\$ 16,364,235
Electronics and Appliance Stores	31,696,878	13,466,125	18,230,753
Building Material, Garden Equip Stores	154,707,831	100,698,725	54,009,106
Clothing and Clothing Accessories Stores	65,834,236	8,039,584	57,794,652
Sporting Goods, Hobby, Book, Music Stores	24,698,418	20,443,329	4,255,089
General Merchandise Stores	157,261,025	71,541,392	85,719,633
Foodservice and Drinking Places	127,981,108	73,430,034	54,551,074
Comparison Goods Trade Area Total	\$ 600,066,657	\$ 309,142,115	\$ 290,924,542
Combined Trade Area Total	\$ 725,704,145	\$ 418,471,000	\$ 319,597,040

Source: Claritas; Economics Research Associates

**Table III.G-23
Unmet Expenditure Potential 2019**

Retail Category	2007 Unmet Expenditure Potential	New Household Expenditure Potential	2019 Unmet Expenditure Potential
	<i>(c)</i>	<i>(d)</i>	<i>(e) = (c) + (d)</i>
Convenience Goods Trade Area			
Supermarkets, Grocery (Ex Conv) Stores	\$ -	\$ 10,920,329	\$ 10,920,329
Convenience Stores	2,484,160	581,028	3,065,188
Specialty Food Stores	1,332,458	397,717	1,730,175
Beer, Wine and Liquor Stores	1,096,591	805,498	1,902,089
Health and Personal Care Stores	14,809,109	4,774,256	19,583,365
Miscellaneous Store Retailers	8,950,180	3,115,121	12,065,301
Convenience Goods Trade Area Total	\$ 28,672,498	\$ 20,593,948	\$ 49,266,446
Comparison Goods Trade Area			
Furniture and Home Furnishings Stores	\$ 16,364,235	5,091,100	21,455,335
Electronics and Appliance Stores	18,230,753	4,259,278	22,490,031

Retail Category	2007 Unmet Expenditure Potential	New Household Expenditure Potential	2019 Unmet Expenditure Potential
	(c)	(d)	(e) = (c) + (d)
Building Material, Garden Equip Stores	54,009,106	20,788,916	74,798,022
Clothing and Clothing Accessories Stores	57,794,652	8,846,497	66,641,149
Sporting Goods, Hobby, Book, Music Stores	4,255,089	3,318,858	7,573,947
General Merchandise Stores	85,719,633	21,132,002	106,851,635
Foodservice and Drinking Places	54,551,074	17,197,503	71,748,577
Comparison Goods Trade Area Total	\$ 290,924,542	\$ 80,634,154	\$ 371,558,696
Combined Trade Area Total	\$ 319,597,040	\$ 101,228,102	\$ 420,825,142

Source: Claritas; Economics Research Associates

In 2007, of the 1.03 million square feet of unmet retail potential, over 946,000 square feet falls within the Comparison Goods Trade Area, including over 378,000 square feet of large-format general merchandise space, 130,000 square feet of restaurants, and over 187,000 square feet of clothing stores. In the Convenience Goods Trade Area, the unmet retail potential totals over 84,000 square feet with potential for small food and beverage stores along with health and personal care and miscellaneous store retailers. A large grocery store could be developed at the proposed project site. However, a larger store would require sales to be captured from existing grocers in the trade area.

By 2019, the total unmet retail potential will grow to 1.33 million square feet. The unmet retail potential in the Comparison Goods Trade Area totals 1.2 million square feet including 471,000 square feet of large-format general merchandise space, 216,000 square feet of clothing and accessories stores, 171,000 square feet of building materials and garden stores, and 171,000 square feet of restaurants and drinking establishments. In the Convenience Goods Trade Area, the new household growth indicates a total unmet retail potential of over 133,000 square feet by 2019. The projections indicate unmet retail potential for a small-format grocery store over 20,000 square feet in addition to 7,000 square feet of convenience retail and 6,500 specialty food retail. Again, a large grocery store could be developed at the proposed project site if the store were to capture sales from existing grocers in the trade area.

f. Expenditure Profile of the Primary Trade Area Shoppers (including sales generated by existing stores in the trade area)

In order to determine current unmet expenditure potential, the retail demand model assesses current retail sales in the trade areas based on 2007 data³. Table III.G-23, Retail Sales in 2007, presents retail sales in the Convenience and Comparison Goods Trade Areas in 2007. As shown, retail sales at food and beverage stores (supermarkets, convenience stores, specialty food stores, and liquor stores), health and personal cares stores, and miscellaneous retailers within the Convenience Goods Trade Area total about

³ Data from Claritas.

\$109 million each year. Retail sales at furniture and home furnishings stores, electronics and appliance stores, building material and garden equipment stores, clothing and clothing accessories stores, sporting goods, hobby, book, and music stores, general merchandise stores, and foodservice and drinking places within the Comparison Goods Trade Area total about \$309 million annually.

Table III.G-24
Retail Sales in 2007

Retail Category	2007 Sales
Convenience Goods Trade Area	
Supermarkets, Grocery (Ex Conv) Stores	\$78,985,538
Convenience Stores	\$1,060,517
Specialty Food Stores	\$1,093,896
Beer, Wine and Liquor Stores	\$3,817,508
Health and Personal Care Stores	\$14,317,190
Miscellaneous Store Retailers	\$20,054,236
Convenience Goods Trade Area Total	\$109,328,885
Comparison Goods Trade Area	
Furniture and Home Furnishings Stores	\$21,522,926
Electronics and Appliance Stores	\$13,466,125
Building Material, Garden Equip Stores	\$100,698,725
Clothing and Clothing Accessories Stores	\$8,039,584
Sporting Goods, Hobby, Book, Music Stores	\$20,443,329
General Merchandise Stores	\$71,541,392
Foodservice and Drinking Places	\$73,430,034
Comparison Goods Trade Area Total	\$309,142,115
Combined Trade Area Total	\$418,471,000

Source: Claritas, Inc., Economics Research Associates

(1) Leakage of Retail Sales

In order to determine the amount of unmet spending potential in the trade area, household expenditure potential in 2007 is compared to existing sales within each retail category. The difference between expenditure potential and current sales (when expenditure potential exceeds current sales) represents the sales leakage that might be captured by new and existing retailers. Table III.G-21 presents the projected retail leakage from the Convenience Goods and Comparison Goods Trade Areas in 2007.

In the Convenience Goods Trade Area, the spending potential is currently being met for supermarkets as current retail sales of almost \$79 million exceeds the spending potential of over \$66 million. However, unmet expenditure potential exists for other food and beverage stores including convenience, specialty food, and liquor stores. Including health and personal care stores and miscellaneous goods stores, there remains a total unmet expenditure potential of \$28.7 million for convenience goods retail.

In the Comparison Goods Trade Area, the unmet spending potential totals \$290.9 million. The major components of the unmet spending potential include over \$85 million at large-format general merchandise stores, almost \$58 million at clothing and accessories stores, \$54 million at building material and garden equipment stores, and \$55 million at restaurants.

g. Comparison of Expenditures with Sales

(1) Future Household Expenditure Potential

The addition of households to the trade areas will generate additional expenditure potential. Table III.G-24, Expenditure Potential of New Households, presents the expenditure potential of the households projected for the trade areas in 2019. It is estimated that there will be 1,951 additional households in the Convenience Good Trade Area and 3,398 in the Comparison Good Trade Area by 2019. To calculate the additional expenditure potential in the future, the analysis conservatively assumes average expenditure levels from 2007 remain constant, in real dollars.

III.G-25
Expenditure Potential of New Households (2007\$)

Retail Category	Household Expenditure Potential	
	Average	Aggregate
Convenience Goods Trade Area		
Supermarkets, Grocery (Ex Conv) Stores	\$ 5,598	\$ 10,920,329
Convenience Stores	298	581,028
Specialty Food Stores	204	397,717
Beer, Wine and Liquor Stores	413	805,498
Health and Personal Care Stores	2,447	4,774,256
Miscellaneous Store Retailers	1,597	3,115,121
Convenience Goods Trade Area Total	\$ 10,557	\$ 20,593,948
Comparison Goods Trade Area		
Furniture and Home Furnishings Stores	\$ 1,498	\$ 5,091,100
Electronics and Appliance Stores	1,253	4,259,278
Building Material, Garden Equip Stores	6,118	20,788,916
Clothing and Clothing Accessories Stores	2,603	8,846,497
Sporting Goods, Hobby, Book, Music Stores	977	3,318,858
General Merchandise Stores	6,219	21,132,002
Foodservice and Drinking Places	5,061	17,197,503
Comparison Goods Trade Area Total	\$ 23,729	\$ 80,634,154
Combined Trade Area Total	\$ 34,286	\$ 101,228,102

Source: Claritas; Economics Research Associates

In order to determine future retail development potential, the analysis first estimates the total unmet expenditure potential in 2019. The unmet expenditure potential, shown in Table III.G-22, Unmet Expenditure Potential in 2019, sums the 2007 unmet

expenditure potential (calculated in Table III.G-21, Unmet Expenditure Potential) and the expenditure potential of new households expected to be added to the trade areas (calculated in Table III.G-20, Expenditure Potential of New Households).

h. Emerging Factors Influencing Trade Area Conditions by the Build Year

To understand required market capture given the competitive landscape surrounding Dover Knolls retail, the retail development pipeline within the retail trade areas was investigated. As shown in Table III.G-25, 46,300,000 square feet of retail is currently planned within the trade areas. These planned retail developments will satisfy a portion of the unmet retail potential within the trade areas.

Table III.G-26
Retail Development Pipeline

Municipality	Planned Retail (Square Feet)
Town of Beekman	96,700
Town of Pawling	200,000
Town of Washington	17,900
Total	314,600

Source: CoStar Group; Economics Research Associates

(1) Required Capture of Unmet Retail Potential

While there is a significant level of unmet retail potential in the Dover Knolls trade area, the Route 22 corridor has not historically supported extensive retail offerings. Largely due to residential densities and better vehicular access, major shopping destinations have been developed in Poughkeepsie and Danbury. Most retailers would prefer to locate in these areas, where retail has succeeded historically. However, it is anticipated that some retailers will be attracted to the proposed project. The retail spaces at Dover Knolls will succeed in capturing a portion of the unmet retail potential estimated by this analysis.

The development program includes 170,000 square feet of retail space, an appropriate retail program for the site. There is sufficient market support for day-to-day convenience retailers and at the proposed size, the retail program will achieve the necessary “critical mass” to attract shoppers from throughout the Comparison Goods trade area for purchases made less frequently. The retailers at Dover Knolls will compete to capture retail demand from retailers outside the trade area. Further, the project may also compete with anticipated retail projects nearby, possibly including retailers at other planned town center projects in La Grange and Union Vale. Given competition from existing retailers outside the retail trade areas and anticipated future retail competition nearby, relatively limited vehicular access to the site from Route 22, and relatively low population density in eastern Dutchess County, the Dover Knolls project faces a challenging environment for retail development. The proposed retail program reflects a realistic capture (13 percent) of projected unmet retail potential of 1.33 million square feet.

i. Potential for Neighborhood Character Impacts

As described earlier, the retail market analysis methodology utilized evaluates market support based on the amount of unmet retail expenditure in the trade area. The

market study indicated that there is adequate unmet expenditure to support the proposed development program. As a result, it is not generally expected that cannibalization of existing businesses would be required to support the project's retail. Therefore, displacement of businesses to an extent significant enough to affect the Town's character would not be expected. The study data does indicate however, that a large grocery store developed on-site could capture sales from existing grocers in the trade area. However, this type of use does not appear to particularly define or contribute to the Town character.

It is expected that the new residents, employees, and visitors would expand the local customer base and likely increase activity for surrounding commercial properties, creating a positive impact for local businesses. In addition, the redevelopment of the project site would be anticipated to influence development conditions along the Route 22 corridor in proximity to the site. The proposed development has the potential to increase the value of neighboring parcels by removing a blighting influence from the area, creating a new local and regional destination, and by supplying additional customers. Increases in property values could lead to the possible redevelopment of properties with new uses and/or repositioning of businesses to capture the new market created by the proposed project.

j. Anticipated Market Demand and Absorption Rate of New Residential Units

(1) Market Comparables Analysis

Discussions with local brokers and sales staff at comparable projects in Dutchess and Putnam Counties indicate that both active-adult and market-rate multi-family projects in the area are attracting the majority of their buyers from Westchester County and, to a lesser degree, Dutchess County, Putnam County, Manhattan, and the remainder of the New York metropolitan area. Brokers confirm that proximity to family, maintenance-free living, and access to medical services are the strongest selling points of age-restricted projects and that affordability is the strongest selling point for market-rate projects. In addition, local brokers note that active-adult projects are under-supplied in Dutchess County and those that are brought to market sell well. The analysis shows that despite the national housing market slump, accessible, professionally-marketed communities continue to sell well in the Dutchess County marketplace.

The analysis considered actively-selling projects and projects that sold out within the last year. The comparable projects are located primarily within Dutchess County. In order to generate a sufficient universe of comparables, actively-selling age-restricted projects in neighboring Putnam and Orange counties were also examined. Comparable projects in Connecticut were evaluated but excluded these from the analysis because market factors including homeownership costs, tax burdens, and access to public transportation, differentiate the Connecticut and New York housing markets in this region.

(a) Age-Restricted Project Performance

New age-restricted product in Dutchess County is rare and brokers indicate that there is an under-supply of this housing type. To generate a sufficient universe of age-restricted comparables, the analysis examined active-adult communities in Dutchess, Orange, and Putnam counties. Tables III.G-26 and III.G-27 detail project activity and project attributes at comparable age-restricted communities. Average monthly sales rates across the four projects considered range from .65 units per month for the townhouses at Warwick Grove to 3.38 units per month for the single-family detached patio homes available at the Retreat at Carmel. The Regency at Fishkill, the only actively-selling Dutchess County age-restricted comparable, is averaging three sales per month and, according to project sales staff, is drawing buyers primarily from Westchester County and New York City, though several purchasers have come from Dutchess County and neighboring Putnam County. Detailed project profiles for each comparable age-restricted community, including project location, aesthetic, amenities, and model types are included in the Market Study for Dover Knolls included in the Appendix.

**Table III.G-27
Regional Age-Restricted Comparable Project Performance**

Project Name	Product Type	Units	Pre-Sales Open Date	Total Sales		
				Total Sales	Percentage Sold	Average Monthly Sales
Town of Carmel (Putnam County)						
Retreat at Carmel	Single-Family	314	9/1/2007	27	9%	3.38
Stoneleigh Woods at Carmel	Townhouses, Condominiums	68	10/1/2007	12	18%	1.71
Town of Fishkill (Dutchess County)						
Regency at Fishkill	Condominiums	184	4/21/2007	37	20%	3.00
Town of Warwick (Orange County)						
Warwick Grove	Single-Family	154	10/1/2004	99	64%	2.30
	Townhouses	31	10/1/2004	28	90%	0.65
	Condominiums	30	2/1/2006	27	90%	1.00

Source: Hanley Wood Market Intelligence; Economics Research Associates

**Table III.G-28
Regional Age-Restricted Comparable Project Attributes**

Project Name	Unit Type	Size (SF)	Included Parking	Base Price	Price PSF
Town of Carmel (Putnam County)					
The Retreat at Carmel	2 BR	1,979	Garage	\$493,500-\$529,900	\$213-\$249
	3 BR	2,484-2,778	Garage	\$479,900-\$578,900	\$208-\$245
Stoneleigh Woods	2 BR	1,343-1,518	Surface	\$349,900-\$370,000	\$244-\$261
Town of Fishkill (Dutchess County)					
Regency at Fishkill	1 BR	1,477-1,556	Garage	\$336,975-\$354,000	\$217-\$236

Project Name	Unit Type	Size (SF)	Included Parking	Base Price	Price PSF
	2 BR	1,477-1,804	Garage	\$341,000-\$389,975	\$216-\$240
Town of Warwick (Orange County)					
Warwick Grove Single-Family	2 BR	1,513-2,285	Garage	\$465,000-\$550,000	\$238-\$307
	3 BR	2,625	Garage	\$616,500	\$235
	3 BR + Den	2,281	Garage	\$565,500	\$248
Warwick Grove Townhouses	2 BR	2,165-2,550	Garage		\$204-\$216
Warwick Grove Condominiums	2 BR	1,430-2,550	Garage	\$415,000-\$521,400	\$204-\$315

Source: Hanley Wood Market Intelligence; Economics Research Associates

(b) Dutchess County Market-Rate Multi-Family Project Performance

Non-restricted multi-family project performance was also examined to understand pricing and absorption in the market-rate residential sector. Seven market-rate multi-family projects were considered, all of which are located in Dutchess County. Table III.G-28 details the performance of the comparable multi-family projects. As reflected by absorption rates ranging from .88 units per month to 7.29 units per month, projects that are either actively-selling or sold out within the last year exhibit variable market performance. At the low end of this range, a remote townhouse project in Hyde Park is experiencing slow absorption, while another, more accessible townhouse project in Hyde Park that sold out in early 2007 enjoyed swift sales at prices between \$290,000 and \$325,000. Of all actively-selling multi-family projects, townhouses and condominiums offered at the master-planned Van Wyck community in Fishkill are selling most strongly, experiencing respective sales paces of 4.61 and 5.20 units per month.

Table III.G-29
Comparable Market-Rate Multi-Family Project Performance

Project Name	Product Type	Units	Pre-Sales Open Date	Total Sales		
				Total Sales	Percentage Sold	Average Monthly Sales
<u>City of Beacon</u>						
Preserve on Hudson	Townhouses	88	10/1/05	65	74%	2.10
<u>Town of Fishkill</u>						
Van Wyck Meadows	Townhouses	318	9/1/04	203	64%	4.61
Van Wyck Mews	Condominiums	337	2/1/07	78	23%	5.20
<u>Town of Hyde Park</u>						
Pinebrook at Hyde Park	Townhouses	132	11/1/05	132	100%	7.29
River Ridge at Hyde Park	Townhouses	162	5/1/06	21	13%	0.88
<u>Town/City of Poughkeepsie</u>						
Hudson Pointe	Townhouses	60	4/15/06	60	100%	2.45

Project Name	Product Type	Units	Pre-Sales Open Date	Total Sales		
				Total Sales	Percentage Sold	Average Monthly Sales
Racquet Club Condominiums	Condominiums	29	11/1/06	29	100%	1.62

Source: Hanley Wood Market Intelligence; Economics Research Associates

Comparable Market-Rate Multi-Family Project Performance provides additional information regarding the attributes of comparable multi-family projects. Examining the most successful projects as determined by absorption, it appears that units sized between 1,400 and 2,200 square feet that sell for roughly \$300,000 to \$450,000 have enjoyed the strongest market acceptance. Competitive-project representatives interviewed confirm that modestly-sized two-bedroom product is selling the fastest of all models offered, and that the recent housing market downturn and credit crunch have impacted the marketability of more-expensive three-bedroom products. Additional detail on project profiles for these projects can be found in the Market Study for Dover Knolls included in the Appendix.

Table III.G-30
Comparable Market-Rate Multi-Family Attributes

Project Name	Unit Type	Size (SF)	Included Parking	Base Price	Price PSF
<u>City of Beacon</u>					
Preserve on Hudson	3 BR	1,743-2,166	Garage	\$399,950-\$425,250	\$192-\$244
	3 BR + Den	2,002	Garage	\$427,250	\$213
<u>Town of Fishkill</u>					
Van Wyck Meadows	2 BR	1,420-1,814	Garage	\$396,975-\$408,975	\$225-\$280
	2 BR + Den	2,040	Garage	\$434,975	\$213
	3 BR	1,900-1,940	Garage	\$404,975-\$415,975	\$209-\$219
	3 BR + Den	2,226	Garage	\$449,975	\$202
Van Wyck Mews	2 BR	1,196-1,411	Surface	\$291,975-\$315,975	\$213-\$244
<u>Town of Hyde Park</u>					
Pinebrook at Hyde Park	2 BR + Den	1,517-1,711	Garage	\$292,000-\$325,900	\$190-\$197
River Ridge at Hyde Park	1 BR	1,265	Garage	\$334,900	\$265
	2 BR	1,570-2,075	Garage	\$369,900-\$459,900	\$222-\$236
	3 BR	1,725	Garage	\$389,900	\$226
	3 BR + Den	2,097	Garage	\$459,900	\$219
<u>Town/City of Poughkeepsie</u>					
Hudson Pointe	2 BR	1,540-2,000	Garage	\$402,900-\$674,900	\$257-\$348
Racquet Club Condominiums	1 BR	1,300	Garage, Surface	\$199,000-\$205,000	\$153-\$158
	2 BR	1,300	Surface	\$222,000	\$171
	3 BR	1,500	Surface	\$225,000	\$150

Source: Hanley Wood Market Intelligence; Economics Research Associates

(c) Dutchess County Market-Rate Single-Family Project Performance

The analysis considers 20 Dutchess County projects offering single-family detached product. The group was chosen according to selection criteria that eliminated multi-million dollar luxury homes and small projects that do not utilize professional marketing methods. Doing so allowed a reasonable absorption estimate to be developed that might be expected by a competitive project in the marketplace.

Single-family projects in Dutchess County exhibit a wide range of performance as measured by average monthly sales. As shown in Table III.G-30, monthly absorption at projects in southern Dutchess County ranged between .24 units per month and 4.18 units per month. The weakest absorption was observed at Lennar's sold-out Legends at Beekman Country Club development in East Fishkill, which may have sold slowly because its golf-oriented homes carried some of the highest absolute prices in the Dutchess County marketplace.

**Table III.G-31
Market Rate Single-Family Project Performance and Attributes**

Project Name	Location	Project Attributes			Units Planned	Pre-Sales Open Date	Total Sales		
		Unit Size Range	Unit Price Range	Price/SF			Total Sales	Percent Sold	Average Monthly Sales
Enclave at Beacon	Beacon	2,138-3,426	\$425,000-\$654,900	\$188-\$218	14	11/01/05	14	100%	0.52
Preserve on Hudson	Beacon	2,850-3,350	\$584,900-\$684,900	\$190-\$206	88	10/01/05	13	15%	0.42
Plum Court	Beekman	2,127-2,576	\$399,900-\$508,900	\$188-\$197	32	01/01/07	18	56%	1.13
Victoria Estates	Beekman	2,634-4,341	\$535,000-\$760,900	\$157-\$210	29	06/01/03	29	100%	0.52
Four Corners	East Fishkill	1,953-3,786	\$467,900-\$624,900	\$190-\$269	261	09/01/04	112	43%	2.55
Hopewell Oaks	East Fishkill	3,100-4,000	\$646,975-\$705,643	\$169-\$228	42	10/01/04	42	100%	2.00
Legends (Creekview)	East Fishkill	2,937-4,164	\$619,900-\$760,900	\$165-\$221	84	11/01/99	75	89%	0.74
Legends (Lennar)	East Fishkill	2,638-4,827	\$614,900-\$870,900	\$172-\$233	24	11/01/99	24	100%	0.24
Legends (Reiger)	East Fishkill	2,864-4,154	\$585,900-\$685,900	\$165-\$205	83	11/01/99	72	87%	0.71
Stone Ridge	East Fishkill	2,832-4,149	\$624,500-\$768,500	\$186-\$221	37	01/01/07	17	46%	1.06
Van Wyck Glen	Fishkill	2,300-2,670	\$471,975-\$513,975	\$188-\$205	221	09/01/04	184	83%	4.18
White Birch Estates	Fishkill	2,325-2,850	\$499,900-\$559,900	\$196-\$219	30	05/01/05	24	80%	0.67
Meadows at Hyde Park	Hyde Park	1,926-4,468	\$379,900-\$574,900	\$136-\$223	74	09/20/07	16	22%	2.19
Hills at La Grange	La Grange	2,420-3,170	\$479,975-\$571,975	\$165-\$202	30	09/01/07	13	43%	1.63
Lincoln Ridge	La Grange	2,861-3,821	\$539,900-\$679,900	\$174-\$199	36	03/01/05	22	61%	1.63
Sleight Farm	La Grange	3,327-4,365	\$545,000-\$730,000	\$164-\$187	96	10/01/06	20	21%	1.05

Project Name	Location	Project Attributes			Units Planned	Pre-Sales Open Date	Total Sales		
		Unit Size Range	Unit Price Range	Price/SF			Total Sales	Percent Sold	Average Monthly Sales
Avalon Hills	Pleasant Valley	2,402-4,088	\$499,900-\$732,600	\$159-\$208	31	03/01/04	31	100%	0.63
Stratford Farms	Poughkeepsie	2,793-3,256	\$489,900-\$559,900	\$172-\$182	134	07/15/06	18	13%	0.84
Blueberry Ridge	Union Vale	2,495-2,900	\$519,900-\$584,900	\$186-\$219	16	09/01/04	14	88%	0.32
Old Hopewell Estates	Wappingers	2,550-4,700	\$624,975-\$721,000	\$153-\$247	<u>63</u>	10/01/06	<u>43</u>	68%	<u>2.26</u>

Source: Hanley Wood Market Intelligence; Economics Research Associates

The most robust sales velocities were observed at two western Dutchess communities, Van Wyck Glen in Fishkill and Four Corners in East Fishkill, which are achieving average monthly sales paces of 4.18 and 2.55 units, respectively. These developments benefit from competitive pricing, location advantages conferred by their adjacency to major highways, and comprehensive amenity packages afforded by the master-planned density achieved at Van Wyck and the traditional neighborhood design that has provided Four Corners with pocket parks and family recreation facilities.

(2) Market Demand for Primary Homes

To determine market demand for the market-rate and age-restricted units, the share of the age- and income-qualified households in Dutchess County that would be “in the market” for a new home each year from 2010 to 2019 was evaluated. Additional detail regarding methodology and assumptions utilized in the analysis can be found in the full text of the Market Study for Dover Knolls, found in the Appendix.

US Census Bureau data from 2005 and 2006 indicate that, on average, 12.6 percent of Dutchess County households relocate to Dutchess County from within or outside Dutchess County each year. Based on the total qualified (refer to Figures 22 and 23 in Market Study for Dover Knolls located in the Appendix) and the US Census Bureau data concerning migration, the number of target buyers in Dutchess County is presented in Table III.G-31, Qualified Market Demand by Type. For the market-rate units, between 33,414 and 39,935 qualified households will be “in the market” to purchase a home from 2010 to 2019. For the age-restricted units, between 29,181 and 37,814 qualified households will be “in the market” to purchase a new home between 2010 to 2019. These demand estimates indicate that the appropriate market-rate/age-restricted mix is approximately 52 percent market rate units and 48 percent age-restricted units.

**Table III.G-32
Qualified Market Demand by Type, 2010-2019**

Unit Type	Demand	
	Conservative	Optimistic
Market-Rate	33,414	39,935
Age-Restricted	29,181	37,814

Source: ESRI; US Census Bureau; Economics Research Associates

(3) Market-Rate and Age-Restricted Unit Capture

The housing demand analysis has determined that a ten-year absorption period is consistent with a market demand capture of about two percent. Based on familiarity with builder risk management practices and knowledge of conventional demand capture ratios, this level of capture is considered realistic within the Dutchess county market.

A unit split of 55 percent market-rate and 45 percent age-restricted results in 757 market-rate units and 619 age-restricted units. Under this 55/45 scenario, the required

capture rate for the market-rate units ranges from 1.9 to 2.3 percent of income-qualified market-rate target households and 1.6 to 2.1 percent of age- and income-qualified age-restricted target households. This unit mix indicates a blended capture rate of 1.8 percent of market demand in the optimistic scenario and 2.2 percent of market demand in the conservative scenario. The market study estimates that a convention project could expect average absorption of roughly 50 to 60 units per year in the current market, but that demand modeling indicates that an absorption rate of roughly 140 units per year would be a realistic long-term sales goal for this unique project.

Table III.G-33
Qualified Market Demand by Type, 2010-2019

Unit Type	Program		Demand		Share of Demand	
	Share	Count	Conservative	Optimistic	Conservative	Optimistic
Market-Rate	55%	757	33,414	39,935	2.3%	1.9%
Age-Restricted	45%	619	29,181	37,814	2.1%	1.6%

Source: ESRI; US Census Bureau; Economics Research Associates

(4) Second Home Demand Analysis

In addition to the estimated demand for primary housing discussed above, a moderate demand for second homes at Dover Knolls is anticipated. The following analysis examines demand for second homes, a secondary market for the Dover Knolls residential program. The source markets examined in this analysis include vacation and investment buyers from New York City and “sunbird” buyers from Florida. In this analysis, “sunbirds” refer to permanent residents of Florida that spend a portion of their year in a second home elsewhere.

(a) Second Home Demand from New York City Households

Table III.G-33, Annual Demand for Second Homes from New York City Households, 2010, presents the annual demand for second homes from New York City households as of 2010, the first year of anticipated sales for the proposed project. The propensity to buy a second home is presented for each income category, yielding the total annual demand. Data from the National Association of Realtors indicate that 50 percent of second home buyers purchase a second home within 200 miles of their primary residence. By multiplying the total annual demand by 50 percent, the demand for second homes within 200 miles of New York City can be estimated. Census data from 2000 indicate that 0.52 percent of all second homes within 200 miles of New York City are located in Dutchess County, indicating Dutchess County’s fair share of second homes. The analysis indicates annual demand for 144 second homes in Dutchess County from New York City households beginning in 2010.

Table III.G-34
Annual Demand for Second Homes from New York City Households, 2010

Annual Income (2007\$)	2010 New York City Households	Propensity to Buy a Second Home	Total Annual Demand	Annual Demand within 200 miles (1)	Dutchess County Annual Demand (2)
< \$45,000	1,422,593	0.36%	5,074	2,537	13
\$45,000 to \$75,000	628,379	1.95%	12,239	6,119	32
\$75,000 to \$100,000	483,826	2.79%	13,510	6,755	35
> \$100,000	605,414	4.01%	24,303	12,152	63
Total	3,140,212	1.76%	55,126	27,563	144

Source: NAR; US Census Bureau; ESRI Business Analyst; Economics Research Associates

¹ According to the National Association of Realtors, about 50 percent of second home purchases occur within 200 miles of primary residences.

² Demand for second homes in Dutchess County is estimated as the county's "fair share" based on seasonal homes located within 200 miles of New York City.

(b) Second Home Demand from Florida "Sunbirds"

In order to estimate second home demand in Dutchess County from Florida "Sunbirds", the analysis uses University of Florida research on "sunbird" lifestyle patterns. For the purposes of this analysis, the demand profile is limited to Florida residents between 55 and 74 years old. Table III.G-34, Florida "Sunbird" Second Home Demand in the Northeast, 2007-2010, presents population estimates for 2007 and 2010, indicating a gain of 513,004 households over three years. Research indicates just over 12 percent of Florida residents between 55 and 74 are "sunbirds," living elsewhere for a large portion of the year. Of those, just over 35 percent maintain temporary residence in the Northeast indicating between 2007 and 2010, a demand for 21,712 second homes or 7,237 homes annually.

Table III.G-35
Florida Sunbirds 2007-2010

Demographic	2007	2010	Change
Florida Residents Age 55-74	3,852,794	4,365,798	513,004
Sunbirds	460,634	521,968	61,334
Sunbirds with Second Homes in the Northeast	163,064	184,777	21,712

Source: ESRI Business Analyst; Smith and House (2005); Economics Research Associates

Only a portion of the annual demand of 7,237 senior Florida residents seeking a second home in the Northeast will be captured in Dutchess County. Table III.G-35, Annual Florida "Sunbird" Second Home Demand in Dutchess County presents the summary of the capture of Florida "sunbird" demand in Dutchess County. Census data from 2000 indicate New York State has 29.4 percent of second homes in the Northeast. Further, Dutchess County has 1.1 percent of second homes in New York State. These "fair share" capture rates indicate that of the annual demand for 7,237 second homes in the Northeast, 23 are likely to be in Dutchess County.

**Table III.G-36
Florida Sunbird Annual Demand for Second Homes, 2010**

Demand Type	Capture Rate	Annual Demand
Annual Demand for Second Homes in the Northeast	--	7,237
Annual Demand for Second Homes in New York State	29.04%	2,102
Annual Demand for Second Homes in Dutchess County	0.32%	23

Source: US Census Bureau; ESRI; Smith and House (2005); Economics Research Associates

6. Comparison of Economic Benefits of the Proposed Project to the Anticipated Costs to the Town of Dover and the Dover School District

The municipal cost to serve the proposed project has been estimated utilizing an average per capita service cost approach. This approach employs per capita average service costs developed by the Dutchess County Economic Development Corporation, and which are based on the town’s population, tax levy, and assessed valuation for commercial and residential use. As indicated below, the average town cost to provide municipal services for a worker in a commercial development is estimated at \$56.76, and the average cost to service a household is estimated at \$352.33.

**Table III.G-37
Commercial and Residential Per Unit Costs for Town Based on Population, Assessed Value and Levy**

Town	2007 Population	2007 Households	Percentage of Assessed Value			Commercial Cost/person	Residential Cost/person	Residential Cost/HH
			Agr.	Comm.	Res.			
Dover	8,804	3,581	2.5%	27.7%	69.8%	\$56.76	\$143.31	\$352.33

Source: Dutchess County EDC, 2008 property tax files from DC RPT, US Census Population Estimates (2007)

Using these averages, the project would be anticipated to increase municipal service costs by approximately \$530,782 annually.

**Table III.G-38
Municipal Cost Estimate**

Component	Population	Avg. Service Cost	Total Cost
Commercial	810 employees	\$56.76	\$45,976
Residential	1,376 dwelling units	\$352.33	\$484,806
Total			\$530,782

As detailed in Section III.H, using the most recently available demographic multipliers, at full build-out the project would be estimated to generate approximately 534 public school children. Using the estimated per pupil program cost paid by the local property tax of \$6,962, which excludes State aid and other non-property tax revenue and also excludes administrative and capital costs (the derivation of this figure is also detailed in Section III.H), the local cost to educate the project-generated school children would be approximately \$3,717,708. The table below summarizes the anticipated property tax generation and associated service costs for both the Town and the School District.

**Table III.G-39
Anticipated Fiscal Benefit**

Jurisdiction	Property Tax Revenue*	Service Cost	Net Fiscal Surplus
Town	\$1,018,000	\$530,782	\$487,218
School District	\$7,161,000	\$3,717,708	\$3,443,292

*Does not include additional sales tax generation, a portion of which would be returned to the Town.

As indicated above, the project would be anticipated to result in a substantial fiscal benefit for both the Town and the Dover Union Free School District. It should also be noted that the average cost model assumes that the share of the cost of providing services for a new development is proportionally the same as for existing residences and businesses. However, this approach likely overstates actual costs, as the project would be responsible for providing some of its own services, which would reduce the impact on municipal costs. For example, the Highway Fund accounts for approximately 30% of the Town’s total budget. However, most of the project’s internal road network would be privately owned and maintained, resulting in a minimal increase in the linear feet of new roadway that would need to be maintained and plowed by the Highway Department.

In addition, certain other Town General Fund budget items are not necessarily linked directly to service population and would not be affected by the proposed project (or any development project). For example, line items such as the Town Board, Supervisor, Town Clerk, IT, Highway Superintendent, Garage, Historian, Celebrations, Debt Service and others would not be expected to grow proportionately to new population. As a result, the actual marginal service cost would be reduced and the surplus would be greater. The analysis above is therefore anticipated to present a conservative estimate of the annual fiscal surplus.