Review of Comprehensive Plan's Goal to Achieve a Balanced Tax Base

CPAC felt it would be helpful to compare the Town's current tax base (residential vs non residential) to that at the time of the Comprehensive Plan. This is in response to the Plan's goal of achieving a balanced tax base by expanding its non-residential tax base. Note that in 2006 the Town conducted a reassessment so for this comparison we are unable to compare 2005 assessment value data to 2013 assessment value data. As such, the data applied here is 2007 and 2013 data, reflective of the current assessment values.

In November 2008 Camoin Associates prepared a Tax Base Analysis for the Town as a component of the Bethlehem 20/20 initiative. The analysis focused on the fiscal impact of both residential and non-residential development. At the time, based on 2007 data, the Town of Bethlehem had approximately $3.1 billion in taxable value, with 82% of that coming from residential units and 18% from non-residential properties. This is consistent with the residential to non-residential ratio of 80/20 identified during the development of the Comprehensive Plan in 2005. A review of the ratio in year 2013 indicates that taxable value increased to $3.4 billion, and the 80/20 ratio was maintained.

Camoin's work also reviewed three possible development scenarios for additional commercial and industrial development occurring on vacant land within the Town. The scenarios, as provided in the table below, included conservative growth, probable growth, and aggressive growth, and illustrate additional square feet and assessed value over and above existing commercial and industrial tax base.

Town of Bethlehem Development Scenarios - 2020			
	Conservative Growth	Probable Growth	Aggressive Growth
Additional Square Feet	1,252,000	1,600,000	3,850,000
Additional Assessed Value	$106,250,000	$202,500,000	$483,750,000

Using the information from the Camoin study, the table below was prepared by DEDP staff as a straightforward exercise to illustrate the amount of non-residential growth needed in the Town to cause a significant change in the current 80/20 (residential to non-residential) tax base ratio. The exercise applied the additional assessment value associated with the growth scenarios to the 2013 non-residential assessment value. This assumes the criteria for the 2007 assessment values remains unchanged in 2013. It also assumes an annual residential assessment value change of $13.3M for residential growth (based on the average annual residential assessment growth that occurred in the Town between 2007 and 2013). The exercise illustrates that to achieve a +/-10% change in the tax base, 3.85 M square feet of non-residential growth would have to occur in the Town (aggressive growth scenario). For comparison purposes the Vista Technology Campus was approved for 1.4 M square feet of commercial development, including retail, office, research and development/technology uses. Thus, three Vista type developments would have to be developed in the Town between 2013 and 2020 in order for the residential tax base to decrease from 80% to 70% and the non-residential tax base to increase from 20% to 30%. (Currently, approximately 91,000 sqft of commercial space built at Vista represents $1.55M in assessed value added to the Town in 2013).

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		2020		
	2013	**Conservative Growth (1.25 M sqft)**	**Probable Growth (1.6 M sqft)**	**Aggressive Growth (3.85 M sqft)**
Town-wide Value	$3,370,533,365	$3,570,311,373	$3,666,561,373	$3,947,811,373
Residential Value	$2,688,695,220	$2,782,223,228	$2,782,223,228	$2,782,223,228
Non-Residential Value	$681,838,145	$788,088,145	$884,338,145	$1,165,588,145
%Residential	80%	78%	76%	70%
%Non Residential	20%	22%	24%	30%

The Camoin analysis quantified and categorized the 3.85M square feet of non-residential growth based on a combination of the following:

Type	Area (Square Foot)
R&D and Tech Space	900,000
General Commercial Retail	500,000
Class A-B Office	900,000
Commercial Hamlet Retail	100,000
Empty Nester Market Rate Housing	250,000
Warehousing	900,000

In short, a very large amount of non-residential growth would have to occur in the Town between now and 2020 in order to realize a 10% shift in the residential/non-residential proportion of the tax base. Note that the change in assessed value between 2007 and 2013 for non-residential development was $125 M, which is reflective of 281,500 square feet of commercial space added to the Town in that time period (six years). Between now and 2020, 550,000 square feet of non-residential development would have to be constructed each year for the next 7 years.

For comparison purposes the following existing commercial uses and their square footage that exist in the Town are listed below:

Commercial Use	Square Footage	Example
2-story medical office building	48,000	Delaware Avenue Health Park
Bank	2,500 – 3000	Capital Communications FCU, SEFCU
Grocery Store	65,000	ShopRite
Fast Food	3,000 – 5,000	McDonalds, Wendy's
Insurance Office – Company Office	108,000	Farm Family
Home Improvement "BigBox"	150,000	Lowes
"BigBox" store	205,000	Walmart Supercenter
Shopping Center	110,000	Price Chopper Plaza - Slingerlands
Medical Office Building	15,000	Cornea Consultants - Vista
Technology Office Building	54,000	Vista
Manufacturing	790,000	Owens Corning

This quick review is intended to provide a snapshot of the current tax base value status and the potential increase in non-residential value to realize a major change in the current residential/non-residential ratio. It is important to note that the Town will undertake a full town-wide reassessment next year (2014), which is expected to provide materially new information towards the balanced tax base discussion.