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What You Need to Know About Community Preservation Funding for New Paltz

New Paltz Is a Special Place

New Paltz is known for its remarkable setting, small-town character, excellent school system, its proximity to the Shawangunk Ridge and Catskill Mountains, and its network of trails - including the Wallkill Valley Rail Trail, the River-to-Ridge Trail and the new Empire Trail, offering great recreational opportunities and linkages to other Hudson Valley communities. As home to the State University of New York, New Paltz is a lively and diverse community. Residents value New Paltz's strong sense of community, protected open space, farms and historic features – all of which all add to quality of life in their community.

Over a few decades, New Paltz has benefitted enormously from efforts to protect some of our most valuable and irreplaceable resources. Recent examples include the River-To-Ridge Trail, the Mohonk Testimonial Gateway and surrounding landscape, the Wallkill Valley Rail Trail, Millbrook Preserve, Taliaferro Farm, Historic Huguenot Street, and two Huguenot Street farms. These places perfectly illustrate the value of preservation to our community, but many other important places remain vulnerable. Our existing Comprehensive, Open Space, and Farmland Protection Plans all call for additional protection of these resources in the face of encroaching development.

In the past 10 years our region has seen an explosion of commerce, culture, investment, and relocation. Real estate prices have continued to climb as more and more people flock to the Hudson Valley, with its enhanced 21st-century identity as an oasis, with farm-fresh food, craft beverages, artisanal goods, and living close to nature. **This trend is on the upswing in recent months, as people seek to relocate from New York City due to COVID-19.**

Protected, publicly accessible open space, recreational opportunities, small-town character, and location all contribute to New Paltz real estate being an excellent “product” and all these qualities make New Paltz a particularly attractive community for relocation. Protection of these features is essential insurance to the long-term value of properties and homes in New Paltz.

Funding for Community Preservation in New Paltz

New Paltz residents support additional protection of open space and historic preservation, and now there is a way to do it without increasing taxes. In 2006, New Paltz residents voted to support a \$2 million bond for clean water and open space protection. Each time funds are spent from this bond the cost of financing is passed along to our taxpayers.

An alternative is now available which does not have this ongoing tax impact. The Hudson Valley Community Preservation Act (HVCPA) authorizes municipalities in Putnam, Westchester, and Ulster Counties to establish Community Preservation Funds (CPFs). The Act gives municipalities the option to create such a fund, specifically to help municipalities preserve community character, which can include the preservation of open space and agricultural and forested land; the establishment of parks, nature preserves, and recreation areas; and the conservation of properties with scenic value and historic resources. The law authorizes communities to enact their own law to establish a local Real Estate Transfer Tax (RETT) as a source of revenue for a Community Conservation Fund.

Frequently Asked Questions

Q. How would the RETT work in New Paltz?

A. A one-time real estate transfer fee tax for community preservation is paid by the buyer of a home or business in New Paltz at the time of sale. New Paltz proposes to establish this fee at 1.5% and to exempt the first \$245,000. This exemption has been set at the median home sale price for Ulster County as determined by the NYS Commissioner of Taxation and Finance. Based on the distribution of the single-family homes sold in New Paltz from 2014-2018, this tax

would not be applied to almost 40% of the home sales in New Paltz, at the lower end of the market, meaning that many first-time buyers would pay lower or no tax (highlighted area).



The exemption would also apply to costlier homes; thus, a \$500,000 home would be taxed on \$255,000 at 1.5%, resulting in a \$3,825 payment that would go to the Community Conservation Fund (see chart below).

Basic Exemption Model		
Taxable = Property Value less Exemption		
Exemption	\$245,000	
Tax	1.50%	
Est Yearly Revenue	\$180,000	
Property Value	Taxable	RETT
\$245,000	\$0	\$0
\$300,000	\$55,000	\$825
\$350,000	\$105,000	\$1,575
\$400,000	\$155,000	\$2,325
\$500,000	\$255,000	\$3,825
\$600,000	\$355,000	\$5,325
\$800,000	\$555,000	\$8,325
\$1,000,000	\$755,000	\$11,325

Based on local home sales data, it is estimated that this would accrue roughly \$180,000 to the Fund annually.

Having a Community Conservation Fund and active conservation program is like an “insurance policy” that protects the future of the very qualities that attract buyers to choose to live in New Paltz.

Q. How will it impact home sales?

A. Experience in Red Hook indicates that the tax has not impacted sales, which have increased every year since it was established. With a \$245,000 exemption, the added cost at the low end of the market is low or nonexistent. At the higher end of the market, a 1.5% tax is unlikely to deter buyers, particularly if they understand the benefits to the property they are buying and the community they are joining.

Q. Where else has this been done? How's it working?

A. The Town of Red Hook in Dutchess County adopted this approach and has had a Community Preservation Fund in place for 10 years. The number of real estate transactions has been higher every year since it was adopted, and Red Hook has used the \$2.4 million generated over 9 years to protect 1,800 acres of farmland and open space and create public access and trails.

Realtors report that people are eager to live in Red Hook because of its open space, community character and farms. Cynthia Fennell, a realtor with 20 years of sales experience, reports there is no argument about the transfer fee from clients looking to live in Red Hook. Town Supervisor Robert McKeon says that it has also made it possible for Red Hook to leverage state and federal funds for community preservation, making every dollar go further. Warwick, in Orange County, has collected \$5.8 million over 9 years and protected 4,000 acres in the community.

Q. How will it affect/benefit property values?

A. Studies show that proximity to open space benefits property values, as well as the health and well-being of residents and members of the community. Parks and preserved lands boost property values and the Town's tax base, attract residents and businesses, encourage economic development, boost the economy of surrounding areas, save money over some types of development, preserve ecosystem services, and reduce health care costs. Open space conservation is a cost-effective way to safeguard water supplies, clean the air, and attract businesses and residents to communities.

(see "An Investment That Pays: The Economic Benefits of Parks and Open Space" –

https://conservationtools.org/library_items/topic/132-Economic-Benefits-of-Open-Space)

Q. Who administers the funds?

A. The Hudson Valley Community Preservation Act is very specific about how these funds are administered, and expenditures must be based on a plan that the Town Board adopts. The Town of New Paltz has developed a plan, based on many previously existing studies and extensive data. A committee appointed by the board will evaluate potential projects based on the Plan and make recommendations to the Town Board.

Q. Who will provide oversight of the Community Preservation Fund?

A. The Hudson Valley Community Preservation Act requires oversight of the fund by the Town Board. The Plan must be updated every 5 years.

Have more questions? Please email: ENCB@townofnewpaltz.org