

# The Truth about Property Taxes and Development

## COCS Studies

Cost of Community Services (COCS) studies employ a case study approach to determine the fiscal contribution of existing local land uses to the community tax base. At least 125 COCS studies have been conducted over the last 20 years in communities in the U.S., including the towns of Gorham, Pittsford and Hector N.Y. For a summary of COCS studies published by the American Farmland Trust, see: <http://www.farmland.org/services/fiscalplanning/default.asp> Click on Cost of Community Services Studies (Fact Sheet).

*These studies consistently show that residential property in any community consumes more in publicly provided services than the taxes paid on the assessed value of the residential property at a ratio of about 1.3 to 1. The studies also show that commercial, farm, and open land consume less in publicly provided services than the taxes paid on their assessed value at a ratio of about .5 to 1. As a result, residential development of farmland and open land without offsetting commercial development will lead to an increase in property taxes.*

## Town of Gorham COCS study

The town of Gorham, which is similar to several towns in Yates County in that it includes a large area of predominately rural farmland and a concentration of high priced residential properties on a Finger Lake (Canandaigua), conducted a COCS study in 2005. For a copy of the study, see:

<http://www.gorham-ny.com/farmland/Appendices/5-COCS-Report.pdf>

The results of the town of Gorham study were consistent with those of previous studies showing that further residential development in the town would impose an increasing fiscal burden on the town that would not be compensated by additional taxes levied on the developed properties, resulting in higher taxes. The Gorham study indicated that the assessed value of a newly developed residential property would need to be more that \$440,000 before the taxes on the property would fully compensate for the additional demand on services. The Gorham study included the following recommendations to limit the adverse fiscal impact of new residential development:

Enacting zoning regulations that prevent high-density residential development within the town;

Limiting the construction and expansion of municipal water mains and sanitary sewers as such services tend to encourage residential developments; and

Preserving farmland and open space through the purchase of development rights, conservation easements, and strict subdivision regulations.

## Conclusion

The COCS studies provide a strong economic argument to buttress the aesthetic argument for preserving the rural nature of Yates County by limiting residential development.