

**POINTERS FOR
ECONOMIC DEVELOPMENT**

Town of Philipstown, New York

Prepared for:
The Town of Philipstown
Comprehensive Plan Special Board

Under the Direction of:
Joel Russell, Planner and Attorney
Comprehensive Plan Consultant

Prepared by:

Phillips Preiss & Shapiro, Inc.
434 Sixth Avenue
New York, New York 10011
jshapiro@appsplanning.com

February 15, 2002

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
PHILIPSTOWN'S ECONOMIC DEVELOPMENT OPPORTUNITIES	4
Main Street	4
Garrison Landing	9
Garrison Hamlet Center	10
Route 9 Retail	11
Route 9 Industry	17
Non-Profits	19
Home Occupations	21
Hospitality	23
PHILIPSTOWN'S POSITION OF STRENGTH	27
Jobs	27
Tax Rates	28
Taxes and Expenditures	29
Property Not Subject to Expenditures	30
Comparative Tax Advantages of Different Uses	32
Public Opinion	34
Economic Development and Authenticity	35
Tourism	35
CONCLUSION	39

INTRODUCTION

Philipstown is one of the most attractive communities in the metropolitan New York region. It features a rugged topography, quaint village center, ample private and public recreational opportunities, a corridor of preserves along its twelve-mile shoreline, and spectacular views of the Hudson River – all within an hour-and-a-half of Manhattan. It is also home to 10,000 people, many of whom are understandably concerned about the economic vitality of their hometown.

This report provides a perspective on economic development in the town of Philipstown, inclusive of the Villages of Cold Spring and Nelsonville, as well as the Continental Village, Garrison and North Highlands neighborhoods. The report is intended to inform a master plan process now underway with Joel Russell, Planner and Attorney, as consultant. The master plan is being prepared under the direction of the Comprehensive Plan Special Board.

More specifically, the report addresses particular issues and controversies that the Special Board is grappling with. There is considerable agreement within the Special Board with regard to: (1) conserving the Town's rural, historic and river-community character; (2) maintaining the socio-economic diversity of the Town's population; and (3) providing opportunities to strengthen a sense of the town-wide community (paraphrasing from a summary of Master Plan goals). However, as the master plan relates to economic development (paraphrasing from Joel Russell's diagnostic report):

1. There are divisions between those who support tourism as a primary economic strategy and those who prefer a more diverse economy with higher-paying jobs.
2. While no one seems to support a regional shopping mall in Philipstown, opinion is divided on nearly all other types of commercial development.
3. Although Cold Spring is regarded as a place that successfully mixes uses and densities, there are differences of opinion whether to allow similar places elsewhere in Philipstown.
4. There are sharp divisions on issues of taking land off the tax rolls and the role of outside non-profits in protecting land.
5. There are conflicts between those who would prefer to see land preserved and those who want to see it developed to produce tax revenues.
6. There is disagreement concerning the extent to which the Town should be concerned with protecting the property rights of landowners as opposed to legislating for the public good; this is reflected in conflicts over restrictive zoning.

The methodology for this report emphasized interaction with the Special Board, including input from local businesspeople. It proceeded as follows:

1. Chip Allemann, Susan Bates, Joel Russell and especially Nat Prentice provided APPS with a number of documents (listed below) and other background materials.
2. Interviews and driving tours were conducted with these four people, as well as Cathy di Salvo, Josephine Doherty, Joseph Frisenda, Joseph Giachinta, Caroline Krebs, Chip Place, Julie Scanga, Richard Shea, and Glen Watson, in addition to Bill Mazuca, Town Supervisor.
3. A workshop was held with the Special Board, on September 19, 2002. This workshop was attended by many of these same people, as well as Anita Pidala, Randi Schlesinger, Min Wang, and Tina Wang from Tim Miller Associates.
4. This draft report was prepared and shared with Tim Miller Associates, the Town Planner, Joel Russell, the master plan consultant, as well as the Special Board.
5. Comments were gathered at several public meetings, and were also submitted by Carolyn Bachan, Nat Prentice, and others.

A partial list of the documents consulted is as follows (in reverse chronological order of their preparation):

1. *Philipstown 2020 web site*.
2. *Chamber of Commerce web site*, maintained by the Cold Spring/Garrison Area Chamber of Commerce.
3. *Outline of Goals and Strategies*, prepared for the Comprehensive Plan Special Board, memorandum prepared by Chip Allemann, October 2002.
4. *Proposed Rezoning and Interim Zoning Options memorandum*, prepared by Joel Russell, July 2002.
5. *Business and Economic Development Report*, prepared for the Comprehensive Plan Special Board, July 2002.
6. *Housing Work Group Report*, prepared for the Comprehensive Plan Special Board, July 2002.
7. *Open Space Work Group Draft Report*, prepared for the Comprehensive Plan Special Board, July 2002.
8. *Infrastructure Committee Report*, prepared for the Philipstown Comprehensive Plan Special Board, June 2002.
9. *Zoning Chapter 175*, of the Town of Philipstown General Code, June 2002
10. *Diagnostic Study of Philipstown*, prepared by Joel Russell, February 2001.
11. *Getting to Know Cold Spring/Garrison*, sponsored by the Cold Spring/Garrison Chamber of Commerce, 2001.
12. *Transcript*, Jonathan Rose's talk at the Philipstown Forum, September 2001.
13. *Transcript*, Joel Russell's talk at the Philipstown Forum, June 2000.
14. *Demographic data*, United States Bureau of the Census, 2000, Putnam County Travel Guide and Calendar, Putnam County Visitors Bureau, 2000.
15. *Philipstown Economic Development Questionnaire*, 1997.
16. *Recommendations*, prepared by the Philipstown Economic Development Committee, 1997.
17. *1991 Master Plan Summary*, prepared by the Zoning Review Committee, September 1997.
18. *Putnam County Business Retention and Expansion Program*, funded by the Empire State Development Corporation, May 1996.
19. *Route 9 Corridor Study*, prepared by J. Scanga for Philipstown Economic Progress, November 1993.
20. *Master Plan: Town of Philipstown, New York*, prepared by the Philipstown Planning Board, June 1991.

As this methodology underscores, the emphasis was on arriving at quick insights into the economic development opportunities present in Philipstown. It is a collaborative effort, combining the knowledge and experience of APPS as "outside experts" in economic development, with the knowledge and experience of the Town's Special Board and professionals as "local experts." In this regard, it is useful to highlight that APPS's relevant economic development experience includes:

1. The award winning Beaufort County fiscal impact study, Harlem Valley economic development strategy, and Stamford Enterprise Zone strategy.
2. Economic development strategies for the towns of Huntington, Riverhead, Southampton and Yorktown (now underway), as well as East Haddam, East Lyme, Hartford, New Haven and Waterbury, Connecticut.
3. Downtown strategies for Amagansett, Bridgehampton, Kingston, Nyack, Roslyn, and Westhampton Beach, New York, as well as Hartford, Old Lyme and Stamford, Connecticut, and Wilmington, Delaware.

The report is organized as follows: Following this introduction is a synopsis of key findings and observations on the prospects for different types of land use. The subsequent chapter provides a ru-

dimentary fiscal analysis, as well as a discussion of economic development goals in addition to reducing property taxes. ***Throughout the body of the report, recommendations are highlighted with bold-italicized print.***

It should be emphasized that this report does not purport to complete the master plan's exploration of economic development, which is a work in progress. This is all the more important in order to assure that economic development considerations are fully addressed in the mater plan, and that the master plan's other objectives with regard to community character, affordable housing, etc. are integrated into the economic development agenda.

PHILIPSTOWN'S ECONOMIC DEVELOPMENT OPPORTUNITIES

There are a number of "tax ratable" (non-residential, revenue-producing) uses that could and should be considered in order to promote economic development in Philipstown, inclusive of the villages of Cold Spring and Nelsonville.

1. Destination, pedestrian-oriented shopping at Cold Spring's Main Street
2. Small-scale specialty services at Garrison Landing
3. The possibility of diverting some retail to a mixed-use hamlet center along Route 9D in Garrison
4. The possibility of a convenience shopping center at the intersection of Route 9 and Route 301 ("McKeel Corners")
5. The potential to instead upgrade Perks Plaza as that town-wide convenience center
6. Continued strip development as well as industry and offices along Route 9 north of Route 301 ("Route 9 North")
7. Intermittent small-scale retail and offices along Route 9 south of Route 301 ("Route 9 South")
8. Non-profit offices
9. Home occupations and businesses
10. Inns, B&Bs, and conference centers, mainly in Cold Spring and along the Route 9 and Route 9D corridors.

All of these are possible from a real estate development point of view; though some will prove easier, less costly, less risky, or more desirable than others. ***Based on early feedback from the Comprehensive Plan Special Board, the priority should likely be placed on "Main Street" in Cold Spring, Perks as a town-wide center, and existing industry and offices along Route 9 north. Hospitality, non-profit offices and home occupations also enjoy support. Strip retail that would drain energy from the centers at Cold Spring, Garrison Landing and Perks is abhorred.*** Each of these opportunities is discussed below.

Main Street

Cold Spring's Main Street has successfully made the transition to a specialty-shopping district with regional appeal. This is entirely appropriate in the age of the automobile, catalogue and Internet.

There was a time when Main Street was – as its name conveys – the principle place to shop. It was the convenience center for village residents and workers, at the center of population and employment density. In those small-town days, people shopped locally and on foot.

This paradigm ended once people shifted to commuting and shopping by car, and spread out into a suburban landscape. The travel times that people prefer for certain types of shopping (ten minutes for groceries, for instance) remain the same; but with a car, shoppers can go further and in any number of directions; and with a new arterial and highway network, they went away from the traditional center not towards it. The fact is that Cold Spring is along the river, away from highways, on the edge of its trade area, not in its center. The shift of the economy away from unique stores to mass production, distribution and advertising placed Cold Spring's small mom and pop stores at a further disadvantage. The lack of conveniences for vehicular drivers (front parking, big signs, predictable chains and franchises) added to Main Street's disadvantages. The Grand Union Plaza was the coup de grace, not the cause of Main Street's decline, in our view. It essentially removed nine or so stores from the traditional center, and put them nearby in a more car-friendly en-

vironment. The vacated storefronts would have re-tenanted given the growth in consumer spending, except for the more abiding problems noted.

Now however, Main Street has been reborn as a specialty center that is the envy of its Hudson River counterparts. Cold Spring’s success is due equally to the entrepreneurship of individual businesspeople, the village’s uniquely attractive physical environment, the resurgence of downtowns as a place to conduct “recreational shopping,” and Cold Spring’s proximity to a very affluent population, both in Philipstown and in Westchester.

Presently, over half of the stores are in the comparison-shopping category—clothing, furniture, and other items people compare the price and quality of; one out of three stores is dining and food away from home. Only one out of ten stores is in the convenience-shopping category, groceries, dry-cleaning, and other items people buy on a frequent basis (see Table 1). This ratio is typical of specialty shopping centers. Convenience centers, by comparison, usually have something like 70 percent convenience, 20 percent comparison, and 10 percent dining.

Table 1. Main Street’s Retail Mix

Category	Establishments:		Approximate Trade Area:		
	Number	Percent	Local	Regional	Daytrippers
<u>Comparison:</u>	37	60%	10%	30%	60%
Antiques	18	29%			
Boutiques	19	31%			
<u>Dining:</u>	18	29%	45%	20%	35%
Sit-down	11	18%			
Cafes, take-out	7	11%			
<u>Convenience:</u>	7	11%	90%	5%	5%
Food	2	3%			
Other	5	8%			
<u>Total</u>	<u>(62)</u>	<u>(100%)</u>	<u>30%</u>	<u>25%</u>	<u>45%</u>

Source: Cold Spring/Garrison Area Chamber of Commerce for the establishment distribution; APPS interviews for the trade area distribution.

There is somewhat of a geographic pattern to the distribution of these stores:

1. Main Street itself offers primarily comparison-shopping, with its concentration of antique stores and boutiques.
2. The close-knit, sidewalk-orientation of the stores makes it easy for shoppers to browse and compare. The grade change is something of a problem, though handsome views of historic buildings and the river compensate.
3. Most stores end abruptly at Route 9D (Morris Avenue). The combination of the steeper grade, difficult pedestrian crossing, and shift to residential buildings effectively limits expansion further north.
4. Instead, the shopping district turns south along Route 9D, to Union Plaza. With stores on one side of the road and parking in front, Union Plaza is meant to be more automobile-oriented than Main Street itself.

5. Union Plaza offers primarily convenience shopping, with a supermarket, drug store and post office as its anchors.

Main Street is not without its challenges. Yet there are reasonable responses to most of these, as described below (and as highlighted with bold/italicized typeface).

Safeguarding the Antique Destination

Over the past decade or so, higher value antique and dining establishments have supplanted Main Street's lower-value convenience stores and novelty shops. Looking to the future, the retail district may undergo further gentrification -- from an antique to a dining and boutique center. This trend is already evident, with a recent increase in the number of tablecloth dining establishments and higher-end boutiques.

The increase in dining and boutiques is largely prompted by the growing affluence of Philipstown residents, who can afford a more leisurely and expensive meal than the typical daytripper; and who are not put off by high-priced boutique items.

This ability for select stores to earn more is leading to an across the board increase in rents, and to a higher turnover rate. Presently, rents are going through a 65 percent escalation from \$12 to \$20 per square foot per year. Reportedly, there is a 40 percent failure rate for new stores. This high turnover rate largely has to do with unrealistic expectations on the part of landlords as to what they can charge, combined with unrealistic expectations on the part of merchants as to what they can earn. The market will eventually correct itself, and rents will find a new equilibrium and turnover should decrease.

But at the end of the day, there may be fewer antique stores. Furniture stores are particularly vulnerable to rising rents, since they rely less on volume than on occasional sales of high-priced goods that take up a lot of space. (Contrast the value and turnover of goods per square foot between a furniture store and a shoe store, for instance; or an antique store that sells large pieces and one that has many small stalls selling housewares.) Thus while the shopping district would remain vibrant, it may lose much of its current antique and furniture emphasis.

It is virtually impossible to thwart such market forces, but it may be possible to mitigate them. ***Joint marketing is one way to go, and one that local merchants have proved willing to pursue, which is an unusual thus hopeful harbinger of future cooperation.*** The *Getting to Know the Cold Spring/Garrison Area* brochure includes several full-page advertisements marketing multiple stores, in one case targeted to antiques.

Another useful strategy involves Main Street staying open evening hours. Merchants are understandably reluctant to sacrifice their evenings in addition to their weekends; and/or to hire staff when the profits do not pile in from the extra hours. But with its new restaurant emphasis, staying open Saturday night may be profitable, provided enough stores are open to make it worthwhile for people to stroll through downtown. (Note that staying open weekday evenings is not likely to be of much benefit. Commuters generally do errands on their way home. Only 400 people use the train station each day. Comparison-shopping is saved for the weekend.)

Turnover also has to do with the seasonality of local shopping. Comparison stores do their main business in fall: clothes for the change of season, and furnishings for the season's partying. In Cold Spring, summer tourism and fall foliage are equally important. But in winter, sales no doubt

drop off perceptibly. **The business community could help to reduce this problem by promoting more winter events. The Village should be supportive of locally controlled development and discourage absentee landlords, in its consideration of discretionary development and incentives.**

Note that all of these strategies can accrue as much to the benefit of boutiques and restaurants as to antique establishments. Therein lies the rub.

Safeguarding Conveniences

The gentrification of Main Street retailing has all but quashed convenience shopping, but for a handful of convenience stores mainly concentrated in Union Plaza.

The community should nonetheless seek to maintain this minimal number of convenience shopping in the village, for several reasons. First, these stores are essential to the quality of life of residents; housing values would likely decline if the conveniences of village living were absent. Second, they contribute to the sustainability of Main Street throughout the week and year (not just three-season weekends, for instance) as well as in the long-term (not just about one type of shopper). Most important, the convenience stores give Main Street its abiding authenticity. Without a grocery store, a deli, a drycleaner, etc., local residents would reject Main Street as a tourist trap – with negative political as well as business consequences.

This means, in part, safeguarding Union Plaza's two convenience anchors and magnets: the supermarket and post office.

1. The former Grand Union store is reportedly slated for a Key Food. Expectations are, based on the Grand Union's high square foot gross, that this supermarket will also prove successful. If, however and as described later, any future grocery store along Route 9 were to prove highly competitive with the Key Food, this store would ideally be re-tenanted with another grocery store able to fuse the resident, visitor and especially second home populations. This might include, for instance, a specialty food store like Peck's in Pine Plains or the former Mohegan store in Kingston.
2. Several years ago, there was discussion that the Post Office may leave Grand Union Plaza. While the United States Postal Service has since signed a ten-year lease, it is perfectly conceivable that they will seek to relocate thereafter if not sooner. In general, the Postal Service prefers sites that are less congested and more amenable to truck parking. **Any relocation of the post office should be strenuously fought.** If inevitable, the Village and Town should insist that a "retail" post office, replete with mailboxes, stay in downtown; and, as shall be discussed, that the auto-oriented post office locate at Perks Plaza. Recent federal legislation affirming the importance of post offices to traditional downtowns makes this lobbying more practicable. Given the wealth and social position of many local residents, it can be assumed that the community has considerable clout with its national representatives.
3. Grand Union Plaza deserves a physical upgrade. This includes on-site improvements, such as more landscaping and more attractive facades. It also includes off-site linkages, such as safer crosswalks and sidewalks, and continuation of Main Street's historic streetscape. Union Plaza is an important social place for many local residents. Participants in the workshop and tours talked about the old Grand Union with the pleasure usually reserved for a traditional country store. The *Plaza* should therefore look more like what its name suggests, and less like a conventional strip development.

Safeguarding Village Character

A number of factors will likely impinge upon the quality of the shopping experience in Cold Spring, as well as the quality of life for village residents.

First, the parking shortage is likely to get worse as the district increases in size or popularity. Remote parking (at, for instance, the Marathon Battery site) is a mirage. Remote parking is most successful in places like Disneyland where there is a compelling reason to forego the convenience of the car. Instead, **merchants should be induced to park on the periphery of downtown.** With two employees per store, and since they arrive before shoppers, Main Street merchants otherwise preempt something like 60 of the most convenient parking spaces. **Parking space regulations should be carefully calibrated mindful of the need to assure parking turnover, yet allow long enough parking for browsing and dining.** This would argue for something like three-hour parking.

Second, congestion is also likely to get worse. Cars searching for parking will only exasperate this problem, too. Congestion is not necessarily bad for business, especially since Main Street is not a through street (like Route 9D). But it will be a nuisance, particularly for residents who must bear with it so often.

Third, the retail district will likely seek expansion outlets. Destination shopping usually requires 100,00 square feet or more. Cold Spring's retail district approximates 60,000 square feet in size (based on an average of 1,000 square feet per store). As rents go up, it may make sense to convert second floors to galleries and expansion area for antique stores; build additional waterfront restaurants on, for example, the Lumberyard site; provide more retail on side streets and up Main Street; etc. If managed properly, such expansion can complement Cold Spring's mixed-use character. If done in a way that is insensitive to resident concerns, it can lead to all sorts of nuisances – for merchants as well as residents. Design and performance standards can address this concern. **These could include (1) requirements that retail on side streets be in buildings that retain their residential appearance; (2) that outdoor and/or late night dining is prohibited on residential streets; and (3) that noise and lighting are controlled.**

Enhancing Village Character

The greatest risk to Main Street is not that it will fail, but that it will be a victim of its own success and become too cute for its own good.

Understated assets and amenities should be promoted. These include the three-acre Waterfront Park at the foot of Main Street. These assets and amenities bring residents back time and time again.

In-fill and affordable housing should be promoted. The Marathon Battery site could be a logical site, assuming that funding for its clean up can be secured. So would the lumberyard site, assuming that the development's density can be brought into line with the village's present scale of development. So might Butterfield Hospital if it becomes available for non-medical redevelopment (though it has plenty of other possible and useful reuses, as discussed later). Upstairs living is an additional source of affordable housing.

The temptation to quash design creativity with overly restrictive historic guidelines should be resisted. The village's historic character should be treated as sacred, but not as a sa-

cred cow. There should be room for innovation within the constraints of contextual guidelines.

Finally, the Village and business leadership would do well to promote a Business Improvement District (BID). BIDs involve tax-like leverages, which are passed on to businesses. Residential property is almost always exempted. A District Management Association (DMA) elected by property owners controls the funds. Both a majority of property owners as well as the municipality must approve the BID's formation. A Cold Spring BID would be small, and should logically share resources with the Chamber of Commerce (much as the pioneering 14th Street BID in Manhattan has partnered with its local development corporation). The BID's minimal charges would hardly make a dent in what is already escalating rents, hence the logic of doing the BID now. **Rather than concentrate on marketing, sanitation and security – the mainstays of most BIDs – the Cold Spring BID could concentrate on parking management and physical improvements to the public environment.**

Garrison Landing (Garrison-on-Hudson)

Like Cold Spring just up the river and road, Garrison Landing features a MetroNorth train station, historic character, and extraordinary views. But with its even more steep ascent to the east, it has very little room for development. While it has more commuter parking, it is harder to get to, and has lower train ridership, both as an absolute number and as a proportion between parking and riders. (See Table 2.) Garrison Landing apparently owes its existence to the ferry that preceded the Bear Mountain Bridge – not to the concentration of shipping and industry that prompted Cold Spring's development. Thus historically and presently, Garrison Landing has had very little development. Its current mix includes: the Depot Theater – home of the Philipstown Players, the Garrison Art Center gallery, the popular Guinan's Country Store, the Garrison Boat Club, Antipodean Books, a small but attractive office building, a popular Irish bar, and a massage therapist.

Table 2. MetroNorth Parking and Ridership

Train Station	Parking Spaces	Number of People Outbound	Approximate Ratio
Garrison Landing	290	299	1:1
Cold Spring	220	405	1:2

Source: Infrastructure Committee of the Comprehensive Plan Special Board.

But what Garrison Landing lacks in size, it makes up for in attractiveness. In addition to its historic and scenic qualities, its strengths are:

1. It has incredible recognition (though not much visibility) for particular uses that want to be known in an affluent marketplace. The bookstore and massage therapist are two prime examples. An architect's office, caterer, craftsperson, and interior decorator would be potential examples.
2. It has shared parking opportunities when the commuter train station is not in full use. The theater and gallery – which are evening and weekend events – particularly benefit.
3. Cold Spring is more expensive and congested. Uses here would normally gravitate to Cold Spring, but are in Garrison Landing instead to save money and hassles.
4. Normally, a country store and bar would *not* match this profile. But by all reports, these two establishments have their own peculiar reasons for being in Garrison Landing.

Any planned expansion of business activities in Garrison Landing would likely be counter-productive. Its charm is in its idiosyncrasy. ***It would be far preferable (and more practical, given Garrison Landing's remote location) to let Garrison Landing continue to ebb and flow.*** Thus, a house could convert to a Bed and Breakfast and then back again; the bookstore could close to the public and just sell on the website; etc. Through such eclectic evolutions, Garrison Landing will keep its character, authenticity, scale and sustainability.

Garrison Hamlet Center

The Garrison Hamlet is located above Garrison Landing, just north of the intersection of Rout e9D and Route 403 (Cat Rock Road). The area features open fields, a fire station, a school, St. Phillips Church, the Garrison Post Office, a few retail establishments, and additional property zoned but not developed for retail.

There has been mention of a mixed-use development at this location, inspired by the scale and mixing of uses in nearby Cold Spring Village.

From an economic development point of view, there would not be much to gain from additional retail development at this location. Normally, the retail mix would tend towards convenience shopping. Without any knowledge of the particulars, it is easy to imagine Guinan's Country Store (or its equivalent) seeking out this location. However it is just as likely that, given the area's low population count but extreme wealth, the retail mix at Garrison Hamlet Center would gravitate to specialty services and fine dining. Either way, the Hamlet Center would be redundant and competitive with Garrison Landing and Main Street, Cold Spring.

From a community point of view, there might be substantial gain from a modest village-style development at this location. The Comprehensive Plan Special Board has embraced affordable housing as an economic development goal; rightly so, based on the discussion towards the end of this report. This area may prove desirable for a planned development that embraces village-style designs, though at a lower density than Cold Spring, for both environment and community character reasons. ***The relevant features of planned development at the Garrison Hamlet Center could include, for example:***

- 1. Use of a street grid, front porches, small lots, street orientation, recessed parking garages, and other design features to increase the sense of neighborliness.***
- 2. Convenient pedestrian linkages to the existing public school, library, MetroNorth train station, church, and other uses to be discussed; this would reduce reliance on and need to own more than one car per family.***
- 3. Supplemental use of the fire station as a community meeting place.***
- 4. A handful of shops, building off of the existing stores and services, and anchored by the post office.***

Note that the planned development should not just front on Route 9D, but extend to the west and east, so as not to be a strip development, however attractive. Conversely, it should not be invisible from Route 9D, so as not to create a subdivision, however progressively laid out. The object is to create a hamlet center. In this respect, a handful of stores—united by sidewalks and linked to nearby civic uses as well as housing—is a key amenity. But retail here is not driven by conventional economic development goals so much as community-building goals.

The need to be circumspect with regard to retail at Four Corners is reinforced by the residents' survey. Focusing just on Garrison residents: while 77 percent said that they have to leave Philips-

town to buy most goods and services, only 22 percent said that they have to go “too far” for basic goods and services, and 73 percent said that they prefer to have business and commercial development outside of the town. The implication is that people have chosen Garrison in spite of if not precisely because it has negligible retail and services. This preference for the bucolic should not be taken too lightly.

Route 9 Retail

The prior discussion on Cold Spring’s Main Street, Garrison Landing and Garrison Four Corners should not lead to the conclusion that Philipstown does not have the opportunity to accommodate additional retail. Just the opposite.

There is limited but certain pent-up demand for more shopping in Philipstown, even assuming that the specialty niche is fully satisfied in Cold Spring, and that the comparison niche is fully satisfied in nearby retail malls. The “leakage” of retail expenditures on convenience items (groceries, pharmaceuticals, etc.) is evident in the residents’ survey (see Table 3), although this same survey shows that the Town need not feel any urgency to satisfy this demand. ***This implies that the Town can be highly selective in where and how it accommodates retail development, from a community perspective at least.***

Table 3. Viewpoints on Retail Needs

Statement	Percent of Town Residents
Have to leave town to buy most goods and services	79%
Have to travel too far for basic goods and services	41%
Prefer to have business and commercial development outside of town	61%
<u>Satisfied with the availability of businesses and services</u>	<u>73%</u>

Source: 1997 survey of residents.

The town’s year-round population is stable at about 10,000 people. Including second homeowners would bring the total to something closer to the equivalent of 11,000 year-round residents. In the United States, each person, on average, generates support for about 25 square feet of retail space. Obviously, this figure is higher for affluent people with more disposable income, and lower for poor people. But rich or poor, each person generates about 6 square feet of local convenience retail space, equally divided between supermarket space, ancillary space (drug store, pizzeria, wine store, card store, drycleaner), and retail spin-off. According to the Chamber of Commerce’s inventory of retail space and our tours of the town, there are approximately 80 to 100 retail establishments in Philipstown, of which maybe 20 are convenience-oriented. These represent a total of maybe 30,000 square feet – half of the 60,000+ square feet normatively possible.

What types of convenience retail are most supportable? How might they compete with existing Philipstown businesses? Here are some particulars:

1. A population of 10,000 could support 20,000 square feet of supermarket space. In the resident surveys, fewer than 25 percent said that they did their food shopping in town. Roughly 60 percent went north to Fishkill, and 15 percent went south to Peekskill. Ostensibly, that leaves 15,000 square feet unaccounted for (75 percent of the 20,000 square foot potential). Though this does not even come close to industry norms of 40,000 or more square feet for a full service supermarket, Edwards, for one, is experimenting with a 15,000 square foot

model featuring fresh produce. Further corroboration of market support is that the closest full-size supermarkets are 20 minutes away, twice the norm of ten minutes for a supermarket trade area. A modern supermarket on Route 9 would likely have a detrimental impact on the Cold Spring Key Food, which might have to close or re-tool as more of specialty food mart. The Philipstown Farm Market is unlikely to feel any impact, since (with the exception of the Edwards) most supermarkets emphasize items like canned goods and household products, not fresh produce.

2. A population of 10,000 could also support a 10,000 square foot drug store. Such stores are really a combination of a pharmacy and quick-shop. They now insist on a freestanding location at a signalized intersection. There is no modern drug store/convenience store in town. The only pharmacy, in Cold Spring, is reportedly unpopular with shoppers. Yet it might still survive, drawing from a captive market of walk-in clientele.
3. The residents survey provides further clues as to the types of retail that would prove popular. (See Table 4.) For this ancillary and spin-off retail, the Route 9 retail would not meaningfully compete with Main Street. As described earlier, specialty comparison/dining is quite different from convenience shopping; thus Cold Spring's Main Street would be quite different than Route 9's strip or center.

Table 4. Viewpoints on Retail Development

Store Category	"Percent in Favor of Having" or "Would Meet Personal Needs"
Small food stores	66%
Small retail stores	65%
Small service businesses	64%
Small retail centers with independent stores	63%
Supermarket	59%
Small retail centers with mix of chains and independents	56%
Large retail center	34%
Fast food	29%
Large retail center with nationally known stores	27%

Source: 1997 survey of residents.

Strip Development and Sprawl

What form might this untapped demand take? Where might it locate? What then is the appropriate regulatory response?

New convenience retail could spread out in the landscape as strip development, or as is more likely, strip *over*-development. This tendency is due to the interchangeability of strip development, with new strips frequently cannibalizing older strips. The result tends to be more -- but more marginal -- retail than would otherwise be developed.

Retail development will seek out the greatest visibility and accessibility. Routes 9 and 9D carry the greatest volumes of traffic in the town, followed by Routes 301 and 403. The traffic counts for these four roads are as follows:

Table 5. Traffic Counts

Route 9 and 9D Road Segment (Intersecting Road)	Approximate Daily Counts:	
	Route 9	Route 9D
Dutchess Co. to Fishkill Road (Fishkill Road)	15,000 (3,000)	Not applicable (Not applicable)
Fishkill Road to Route 301	12,000	Not applicable
Fishkill to Route 301 (Route 301)	Not applicable (5,000)	5,000 (11,000)
Route 301 to Route 403 (Route 403)	11,000 (5,000)	8,000 (5,000)
Route 403 to Westchester Co.	15,000	4,000

Source: Extrapolated from traffic counts collected by the Infrastructure Committee of the Comprehensive Plan Special Board.

Strip retail would therefore gravitate to Route 9 in general – where the traffic volumes consistently exceed those of any other road in town, except a segment of Route 301 in Nelsonville. Note that this analysis substantiates the intuition of residents. In the surveys, 68 percent felt that business could be developed along Route 9, compared to 11 percent for Cold Spring, and 9 percent for Route 9D.

Different parts of Route 9 have various advantages for different types of retail. Given that most commuting is to and from the south, the east side of the road will have advantages for stores catering to people returning from work (like bars and grocery stores); and the west side will have advantages for stores catering to people on their way to work (like dry cleaning and breakfast spots). Intersections have pronounced advantages for centers. The south is more advantageous for businesses catering to the very wealthy. The north is more advantageous for businesses (like wholesalers and contractors) that also prefer to be close to interstate highways.

But in the end, retail will locate in what will appear to be a haphazard arrangement. Fully 65 percent of the Route 9 corridor is zoned for commercial or for industry allowing commercial as well. Given land availability and the close approximations of traffic volumes, retail tenants will gravitate to the best bargain, so long as it is not a patently bad site. The result would be a failure to achieve conglomeration, hence quality and stability.

The further result would be that the Route 9 corridor would be littered with small business establishments. Route 9's design speed is 60 miles per hour, and even during rush hour traffic consistently flows at greater than 40 miles per hour; sight lines are obscured by vegetation and winds in the road. Commercial establishments would therefore press for flashy signs, easily recognized commercial architecture, frequent curb cuts, and a surfeit of parking in front. Otherwise, passersby will pass the convenience retail by. The result would be that even a few retail establishments would have a significant negative visual impact. There is plenty of proof of this already along Route 9, as throughout America.

Retail sprawl would also have a subtle but negative impact on property values along Route 9, especially south of Route 301. According to our interviews with realtors and others knowledgeable about the housing market, houses fronting Route 9 North, where sprawl is already evident, sell in the mid \$100,000's. By comparison, houses fronting Route 9 South, where there is minimal sprawl, sell in the low \$200,000s. Both sit on the market for a comparatively long time -- signifying that these home values will get even harder to sustain should commercial sprawl become more

pronounced. (It may in fact be too late in much of Route 9 North, as discussed later under *Route 9 Industry*.)

Thus, retail sprawl along Route 9 is not only undesirable from a community design point of view; it is also counter-productive in terms of promoting the most valued mix of retail and housing. ***The Town would be wise to curtail such sprawl.***

The Town has already taken the first step to reign in commercial sprawl. The Town proposes to:

1. Reduce the density yield on residentially zoned land along Route 9.
2. Minimize and regulate the number of curb cuts.
3. Create a new Business-Rural (B-R) district, which would allow offices and some retail (e.g., delis) but prohibit most types of stores and all restaurants south of Route 301.

These restrictions go a long way towards restricting sprawl, especially along Route 9 South. The Business-Rural zoning might, however, be modified to create a more valued mixed-use district, as follows:

1. ***Require that Business-Rural development be in residential-scaled buildings, set back from the road, with parking to the rear or side, with discrete signage.***
2. ***Avoid ersatz designs that will be fake or dated in short order.***
3. ***Allow offices and live/work in addition to residential.***
4. ***Allow a wider range of retail uses and services that generally do not have high traffic volumes (antique stores, realtors, crafts, etc.)***
5. ***Prohibit retail uses that have high traffic volumes (delis, restaurants, video stores, etc.) with the notable exception of farm stands.***
6. ***Allow significant expansion of grandfathered uses, contingent on upgrades in design.***

A counter argument to any such restrictions has to do with concerns that property owners will be disappointed by what will be perceived as more restrictive rezoning. However, the owners of land that is still zoned for retail will see their property values rise as the supply shrinks. Owners of land already developed for retail will be able to indefinitely retain the present use of their land as pre-existing non-conforming uses, and can even expand under prescribed circumstances. Owners of land unsuited to housing can seek variances, though this is not easy under New York State law unless a unique hardship is involved. Homeowners – who vastly outnumber businesses along Route 9 South – will be better protected. While there will be winners and losers, there will be more winners than losers.

Again it should be emphasized that these restrictions should be employed primarily in Route 9 South; Route 9 North is quite different and requires a different strategy, and is addressed later. (Refer to the section titled *Route 9 Industry*.) Furthermore, the design guidelines are more important with regard to new development than existing development that is already part of the familiar landscape if not (like Post Hardware) part of the cultural landscape.

Retail Center

As a complementary measure to reducing sprawl, new retail should be concentrated in a town center. This would not only respond to community preferences (refer to Table 5 above), it would also respond to the master plan goal to promote a town-wide sense of community. From an economic development perspective, a town center tends toward more prosperous, more stable, and better quality retail than strip development.

Retail conglomerations tend to gravitate to corners to gainsay added traffic and visibility, and to locations with a traffic signal to obtain safe and easy vehicular entry and exit. Indeed, modern drug store chains (Rite Aide, CVS) insist on a signalized intersection. This is all the more important along Route 9 where, it would appear, the main traffic problems have to do with left turns, not traffic volume per se.

In general, the power of each intersection as a retail location can be inferred from the double-count of cars passing through that intersection. Thus, in Philipstown:

Table 6. Drawing Power for Retail

Intersection	Double-Counted Average Daily Traffic Counts:	
	Route 9	Route 9D
Fishkill Road	30,000	Not applicable
Route 301	34,000	23,000
Route 403	31,000	17,000

Source: Extrapolated from Table 5.

Any major convenience retail development would therefore gravitate first to the intersection of Route 9 and Route 301 (“McKeel Corners”). While the other two intersections are virtually tied in terms of their theoretical retail development, the Route 403 intersection is impractical: on the west side of Route 9 is the Mount of Atonement Monastery; on the other side is a land trust holding; steep slopes rise up in all directions; with only a small wedge of development available, already occupied by a gas station undergoing renovation. That leaves the Fishkill Road intersection near Perks Plaza.

These two locations – McKeel Corners and Perks Plaza – are discussed next.

McKeel Corners

From a market perspective, the first choice location for a retail center is the intersection of Route 9 and Route 301, also known as McKeel Corners.

This intersection simply offers the greatest visibility for a retail center. A small supermarket, drugstore, hardware store, etc. would all find this location appealing, and could anchor a retail center.

It is therefore worthwhile scrutinizing the exact land development opportunities presented at McKeel Corners:

1. To the northeast of the intersection is State park, and is not really available for significant development.
2. To the southeast are wetlands, several houses, and an historic chapel. Given multiple ownership, this site is not easily assembled. But provided also that the wetlands and historic buildings can be preserved, it offers the potential for assemblage and redevelopment.
3. To the southwest is a steep and rocky hill. This parcel would be expensive to build on. It would logically be preserved as open space or developed for a high value use with a small footprint, such as a small office building.

4. To the northwest are McKeel Corners' prime development sites. Reportedly, one acre at the corner itself is available for development, adjoining both a preserved open space parcel and a 28-acre site also available for development (the "Raleigh Site").

Both the southeast and northwest sites could therefore be developed for retail, provided that there was visibility from a signalized intersection. Because of topography, the northwest corner also offers the opportunity for development following the model set by Randall Arendt and others, in which retail development is clustered behind a thick buffer of natural landscape. Both sites can easily accommodate retail development anchored by a supermarket or similar scale use. The sites are even ample enough to accommodate mixed-use development, with retail closer to the intersection and housing behind. A new "Town Center" could be built as part of the mix or as an alternative on one or the other site. The Town Center might include a new Town Hall and recreation facilities. The fact that McKeel Corners is equally convenient to Cold Spring/Nelsonville, Garrison and North Highlands adds to its appeal for town-wide uses.

As the most visible intersection in Philipstown, a counter-argument can be made to preserve its land and greenery. This could involve (1) preservation of all or most of the land as open space, (2) the Town Center alone, (3) residential development set far back from the roads, (4) office and industrial development set back from the road (as with the nearby Lady Blue Devil Lane industrial park), or (5) a limited range of commercial uses (such as nurseries and offices).

Whatever the Town decides, it needs to be absolutely clear as to its objectives and guidelines for McKeel Corners. While not now in play, this intersection will be the site of repeated proposals until developed or sanitized. Given its centrality, McKeel Corners' sites enjoy enough value to reach a higher design standard. This may be one of the two best places in the town to test the idea of village-style development that meets rigorous design standards. (The other sites are the Garrison hamlet center discussed earlier, and Perks Plaza center discussed later.) ***In terms of image, this is one of the most important places in the town; and thus it deserves all the affirmative planning and design that the Town can muster.***

Perks Plaza

McKeel Corners is not the only place where town-wide convenience retail might successfully conglomerate. Perks Plaza is the other, though more challenging locale.

By all accounts during the tours and workshop, Perks Plaza is one of the most frequented shopping spots in the town. Its deli is very popular. The farmers market is sited in the vicinity.

But to all outward appearances, Perks is a failure as a retail center. It is poorly maintained. Half of its space is either vacant or devoted to non-retail uses like offices. It seems to just miss the mark.

Quite so: because in fact the intersection from which it draws its strength – Route 9 and Fishkill Road – is up the road a short ways. As the tables indicate above, the draw at this intersection is equivalent to roughly 30,000 vehicular trips per day; just to the south at Perks, the draw along Route 9 is equivalent to 12,000 vehicular trips per day.

The New York State Department of Transportation (DOT) has indicated some interest in relocating the Route 9/Fishkill Road intersection to the south as far as Perks, and providing a traffic signal there too. Presently, Route 9/Fishkill Road is a high accident intersection. Its signalization and southward relocation would not only solve this problem, it would unleash the market potential of

Perks. ***The relocation and signalization of the Route 9/Fishkill Road intersection is the top priority for Perks Plaza.***

The Town can help to amplify the market response, however. Potential actions include:

- 1. The Town could provide financial incentives to upgrade facades, storefronts, landscaping, and curb cuts. These incentives could include matching grants and/or graduated increases on any increases in property values.***
- 2. The Town could prepare a Planned Development District (PDD) plan for the area, laying out specific expectations as to curb cuts, landscaping, siting and design of buildings, etc. By making the plan specific, the Town is also making the approvals process faster and more predictable.***
- 3. The PDD plan could promote employee parking to the rear and side of buildings, leaving some of the frontage for park-like amenities; some feature like a gazebo to give the site a civic identity; continuous sidewalks lined with pedestrian-scaled lighting and shade trees; and more attractive buildings.***
- 4. The Town could impose upon State DOT to put in sidewalks and pedestrian-friendly crossings. This should be more possible than people realize, given State DOT's general interest in anticipating controversy, combined with Philipstown's wealthy and well-connected residents.***
- 5. The Town could consider this as the location for any future Town Center, recognizing that the McKeel Corners site is ultimately a suburban site, while this site can take on the character of a small village node.***
- 6. The Town could in fact, try to fundraise around the concept of Perks Plaza as a State model in how to re-tool a strip center.***

In short, the Town could promote public/private and Town/State partnerships to redesign and reprogram Perks Plaza as a new town center. While much more challenging than pursuing the same mix of uses at McKeel Corners, the benefits are manifold. An unattractive center would be redesigned; existing popular businesses would be bolstered; there would be a major investment in Route 9 North, to balance the investment being made in rezoning Route 9 South; North Highlands would have a major source of pride; and sprawl would be contained.

Route 9 Industry

Other tax ratable uses are located along the Route 9 corridor north of Route 301 (Route 9 North), representing most of the town's industrial, office and flex (industry/office) space.

Many of the industrial uses here have to do with the extractions business, as a remnant of the region's once vital mining sector. As those mines retire over the next decades, industry will continue to be here in part because of the power of inertia. It is hard to relocate these types of uses; and their owners have deep roots in the community. But as important, for both the extractions-related businesses and all manner of offices and industry at this location, Route 9 North is a short distance from an Interstate 84 exit. Where once industry sited close to river and rail for the movement of freight, it now sites close to interstate highways and thruways.

Older industry generally requires very inexpensive property that also offers the equivalent of build-to-suit space. Each business will have its peculiar needs with regard to ceiling heights, office space, loading docks, security, disposal, outdoor storage, anonymity, convenience to employees, etc., not to mention square footage. Thus it is not unusual for an industrial building or property, once vacated, to lay fallow while awaiting just the right user. Older industry is also not unusual for

industry to invest little in its property other than basic maintenance. Unlike commercial development, older industry generally has no need to project a particular image.

Given these qualities, it is not surprising that some residents have taken a dim view toward these uses. ***We nonetheless suggest that Route 9 North's industry has had abiding value and should be generally supported.*** This is so for a variety of reasons. First, owners and businesses have made investments, which deserve consideration -- whether they just bought the land or have been there for decades. Second, these properties generate more tax revenue than expenditure. Third, these businesses are a source of jobs.

Fourth and more important, as described at the end of this report, one of the economic development goals for the town is to preserve its authenticity as a rural and mixed-income community. Part of responding to this goal is knowing that the community needs these types of businesses and jobs. And given Route 9 North's proximity to Interstate 84, why not here?

The question shifts then from whether to retain these uses, to how to make them also respect other community values.

The answer would seem to lie in using carrots and sticks to promote a more attractive corridor without meaningfully impinging on business practices and profits. Some ideas to be tested are as follows:

- 1. Create deeper industrial/commercial zoning along Route 9, and then requiring future industrial and commercial buildings to set back behind a thick landscaped buffer. With such buffers, the Town could afford to be more lenient with regard to building designs. The success of the Lady Blue Devil Lane industrial park demonstrates that such a design format has as much value as building up against the road.***
- 2. Provide the alternative for more industry and offices sited closer to and therefore more visible from Route 9, in which case design guidelines should be imposed on building design as well as landscaping.***
- 3. Provide the same incentives described above for Perks Plaza with regard to curb cuts, landscaping, and other safety and visual improvements.***
- 4. Consider a unified design element. The wooded mountains in the background provide one sort of visual mitigation. A consistent hedge or fence in the foreground could be the other.***
- 5. Be more rigorous with regard to new businesses than existing. Incentives are more important for existing businesses, which understandably might be chagrined by the "changing of the rules." New developers and tenants need not get such consideration, however.***
- 6. Allow full flexibility with regard to the mix of industry and offices, mindful of environmental and performance standards of course.***
- 7. But prohibit retail development, as a potential source of sprawl and competition for the Perks Plaza and/or McKeel Corners centers.***

The residents' survey corroborates such design and performance guidelines for the industry and offices along Route 9 North. (See Table 7.) Unlike retail, where the inference is that no uniform design vision reigns, the survey clearly shows a preference for industry to be set back behind significant buffers.

Table 7. Viewpoints on Industry

Design and Other Preferences	Percent "Totally in Favor"
<i><u>Industrial Uses:</u></i>	
Film making	43%
Light industry or manufacturing	15%
Heavy industry	5%
<i><u>Industrial Design:</u></i>	
Invisible from the road with only a sign and access drive	34%
Set back from the road with a landscaped border	24%
Facing the road	5%
<i><u>Retail Design:</u></i>	
Invisible from the road with only a sign and access drive	31%
Set back from the road with a landscaped border	31%
Facing the road	16%

Source: 1997 survey of residents.

Non-Profits

Philipstown has a special business sector that is easily overlooked: non-profit institutions and organizations. Table 8 below lists 21 prominent non-profit organizations based in Philipstown. There is roughly equal representation of religious, cultural, nature/open space, and educational/research organizations, with most institutions fulfilling several of these roles. Most unusual, one out of three are the headquarters of a national and regional organization.

Table 8. List of Non-Profits

Organization	Some Features
<i><u>National/Regional Profile:</u></i>	
Boscobel Restoration	museum, park
Garden Conservancy	headquarters
Garrison Institute	headquarters, study of contemplative traditions
Glynwood Center	headquarters, conference facilities
Greymoor	home of Franciscan Friars
Hastings Center	headquarters, visiting scholars, conference facilities
Manitoga/Russell Wright Design Center	museum, park
Outward Bound	headquarters
Riverkeeper	headquarters
<i><u>Regional/Local Profile:</u></i>	
Butterfield Library	library
Capuchin Friars	youth and family ministry
The Chapel of Our Lady Restoration	historic riverfront chapel available for events
Constitution Island	owned by West Point Military Academy
Constitution Marsh Audubon Sanctuary	education, habitat protection

Desmond Fish Library	library, Hudson River School painters collection
Garrison Art Center	gallery, classes
Hudson Highlands Land Trust	headquarters
Hudson Valley Shakespeare Festival	outdoor theater (at Boscobel)
Putnam Co. Historical Society and Foundry School Museum	museum
St. Basil's Greek Orthodox	retreat
Surprise Lake Camp	summer camp
Taconic Outdoor Education Center at Fahnestock	educational facility

Source: Comprehensive Plan Special Board volunteers.

These non-profits are attracted to Philipstown for a confluence of reasons that amount to something compelling.

First, Philipstown, while relatively remote in image, is still within one hour's travel time of a vast and talented labor pool, one hour of a major airport, and an hour and a half of Midtown Manhattan. Thus it combines the image of a rural place with the convenience of a suburb to a major metropolis. This is especially advantageous for the headquarters and retreats.

Second, Philipstown has long been the place of residence or of weekend leisure for the wealthy. Over the decades, the donations of land and buildings have simply added up. And the wealthy of Philipstown in particular but also nearby Westchester and Dutchess Counties are part of the abiding donor pool for many of these organizations.

There are manifold community benefits to these non-profits:

1. Several have donated or made their land available to the Town or Villages.
2. Several have made their excess space available to other organizations performing public purposes.
3. Most are open the public or make their land or facilities available for prescribed activities.
4. Most have reached out to the community, with, for example, school programs and tours, special events, etc. Their fundraisers help to engage second and affluent homeowners in the town's civic life.
5. And of course, virtually all perform some public purpose – education, art, performance, religious contemplation, etc.

There are also economic development benefits associated with these non-profits:

1. Several are attractions, and two are quite significant draws: Boscobel and its Shakespeare Festival.
2. They are a source of visitation in connection with their own activities. These visitors often require overnight accommodations during the week and in winter, when local inns and establishments are short on business.
3. They are a source of entrepreneurial talent, bringing energetic and educated people from a variety of backgrounds to the area. These people often stay on after they leave their jobs.
4. They hire local contractors, caterers, decorators, artists, etc. for their improvements, events, and other activities.
5. Their employees and guests are patrons of local stores and restaurants, particularly during the weekdays, when these businesses normally see a drop-off in sales.
6. Those with excess space or buildings have in some cases leased such property to for-profit ventures.

7. They contribute to the image of Philipstown as a special place.
8. And of course, they are employers. At perhaps an average of ten employees each, they account for approximately 2,000 jobs. These are not all administrative jobs either; they include custodians, educators, grounds people, actors, etc. Many of the jobs are seasonal or part-time, however.

There are ways in which to amplify the benefits of the non-profits.

1. ***They can be a valuable source of clout and talent. This is especially true with regard to lobbying for State and federal dollars, actions, and inactions (e.g., no widening of Route 9).***
2. ***As a specific example: Most of the organizations are located along Route 9D. It is possible that fiber optics have already been put in place along the road. But if not, they can help to lobby for the service, taking advantage of the cumulative demand that they represent.***
3. ***They could be encouraged to provide even more training, internships, etc. for local students.***
4. ***They could conduct joint marketing of their facilities (e.g., for the cultural institutions and museums).***
5. ***As a final example, they could be encouraged to make even more purchases locally, taking extra advantage of Philipstown contractors, florists and caterers.***

The first step is simply for the Town to reach out to these organizations and seek their involvement in economic development. The convening of these non-profits alone is likely to release a lot of creative energy. It is also likely to lead to some interesting linkages between them. One might easily imagine borrowing of each other's facilities, sharing of grounds upkeep equipment, joint programs, etc.

Home Occupations and Businesses

Philipstown, like many affluent and exurban communities, has a great many residents who are working from their homes in a variety of occupations and businesses. These range from telecommuting and telephone work, to graphics designers and composers, to writing and consulting, to medical and law offices, to contractors and craftspeople.

Based on comparables from around the region, it is reasonable to suppose that 10 to 20 percent of the town's adults are engaged in home occupations and businesses, representing approximately 500 to 1,000 people. In fact the number may be much higher; in the residents' survey, 50 percent of the respondents stated that business support services (copy shops, computer services, stationary stores and packing and mailing service) would meet their needs.

Few of these home occupations and home businesses register as tax ratables, however. Most home occupations and many home businesses are not recognized on the outside; and even if they were, most are not considered in tax assessments. If they were, there would certainly be a tax rebellion.

Home occupations and businesses nonetheless have incremental benefits to the community that make them good policy. In general:

1. Many of the people engaged in home occupations and businesses thereby enjoy higher incomes, hence spending power.
2. Most avoid longer commutes, thus reducing rush hour traffic.

3. Most patronize local stores and restaurants during weekdays, adding at least \$3 million in retail expenditures (based on a typical \$4,000 per worker per year).
4. Some employ family members and local residents.
5. By being in the community more times and days, these people are more likely to engage in civic affairs.
6. They provide an entrepreneurial pool from which to draw upon.
7. In the case of carpenters, plumbers, well diggers, etc., many provide needed services that would be priced out of business but for the ability to work from home.
8. In the case of craftspeople, artists, architects, etc., many contribute to the cultural vitality of the community.
9. Most important, many of these people are able to enjoy better lifestyles because they are able to work from home and closer to their families.

Their only drawback is that home occupations and businesses can easily pose problems for neighboring residents. As examples: doctors' offices generate a great deal of traffic; contractors will often end up storing equipment or building materials on their property; crafts and contracting may involve pollution or hazards; caterers may have frequent deliveries; and offices have a way of growing and growing.

Given the wide range of occupations and businesses, and the their wide range of impacts, the best regulatory strategy is to focus on performance standards rather than use groups. As examples, the Town might:

1. ***Define home occupations as uses involving no employees or outward sign of business activity (i.e., home craft or home office); and home businesses as uses that do involve impacts.***
2. ***Allow home occupations in all districts where housing is allowed, subject to tight restrictions on signage, extra parking, exterior lighting, deliveries, etc.***
3. ***Allow home businesses in some or most districts, subject to less restrictive regulations.***
4. ***Even encourage home occupations and businesses in some zones, such as Business – Rural.***

To promote the prosperity of home occupations and businesses, the Town and business community might:

1. ***Continue to employ the Chamber of Commerce web site as a way to promote linkages between home occupations and businesses, as well as all businesses.***
2. ***Produce a business directory, to provide greater recognition in the marketplace for home businesses and occupations; this would prove particularly useful to contractors.***
3. ***Promote the types of uses that local resident/workers would like nearby, including copy shop and fitness club.***
4. ***Promote a conference center in the town.***
5. ***Allow upper-floor offices in Cold Spring, Garrison Landing, and in any new center built along Route 9.***
6. ***Allow offices in the Route 9 North industrial district.***
7. ***Promote a business incubator with shared conference room and other facilities, perhaps in the former Butterfield Hospital building.***
8. ***Alternatively or in addition, promote such a use in connection with any new Town Center development or conference center.***
9. ***Support the laying down of additional fiber optic lines.***

Finally, the Town should stay alert to the business implications presented by evolving technologies. For example, there is speculation that wireless telephone and Internet service will make DSL and cable lines obsolete some time in the next decade. The implication is that the Town should have in place a strategy for the necessary cell tower infrastructure so that it can respond promptly to this business opportunity without jeopardizing its scenic assets. Cell towers also provide an income-producing opportunity for the town's many non-profits as well as the Town, since so much of the high ground is public park and trust land. Presently, there are seven cell towers in the town.

Hospitality

Philipstown can support a variety of small-scale and unconventional overnight accommodations; and should not promote large-scale or high-impact facilities.

It is useful to start with a definition of different types of overnight accommodations, with some exposition as to their site location requirements relative to Philipstown. (Parenthetical reference is made to the number of rooms generally needed to achieve economies of scale.)

1. Resort hotels: Older versions of these hotels locate at major tourist attractions once convenient by rail (e.g., at Mount Washington, Mohonk). Now they locate in resort areas like year-round beaches and ski areas convenient to airports. Clearly, Philipstown does not offer any opportunity for a resort hotel. (500 to 1,000 rooms)
2. Major hotels: Hotels generally require an average 70+ percent room occupancy for the year. This is harder to achieve than might be presupposed. Business hotels fill up Sunday through Thursday, but empty out Fridays and Saturdays. Tourist hotels fill up Fridays through Sundays, but empty out Mondays through Thursdays during all but their high season (summer for the beach, winter for ski areas). This explains the concentration of hotels in the Interstate 287 corridor, where there is both a concentration of offices and reasonable access to Manhattan's tourist attractions. (350 to 700 rooms)
3. Motels: Motels generally have lower maintenance costs and can survive on a 60+ percent room occupancy rate for the year. They tend to locate along major through roads carrying transient (i.e., non-commuter) traffic. Originally this would have been the Post Roads of the Northeast. Now it's highways. Thus the one motel in Philipstown is located on its "Post Road" – Route 9. It survives because it has largely retooled as the equivalent of a Single Room Occupancy establishment mainly for temporary workers. (50 to 150 rooms)
4. Conference Centers: Conference centers offer an opportunity for peers or fellow workers to meet and converse in a variety of formal and informal settings. Thus they require a large number of on-site facilities and the semblance of splendid isolation. But they also need to be within reach of employment centers, or airports, or both. Thus the most successful convey an isolated image but are actually conveniently sited. The region's most notable conference center in Tarrytown is, for instance, on an old estate off of a bucolic road, a surprisingly short five minute drive from an Interstate 287 exit, 20 minutes from Westchester Airport, and 40 minutes from both LaGuardia Airport and Midtown Manhattan. Philipstown, while more remote than that, offers many of the same advantages of a bucolic setting with the appearance of isolation yet within reach of major airports and employers. (100 to 150 rooms)
5. Inns: Inns are differentiated from B&Bs by a restaurant that also serves the public or which is available for catered events. They, like conference centers and resorts, usually locate either close to attractions and/or in historic and country places that are within a reasonable drive of populations centers (like the Berkshires). Since they earn their major income from their dining and catering services, they need not achieve the normative room occupancy

rate of 70 percent. In fact, the rooms are often simply ancillary—to take advantage of excess space, provide an amenity for wedding couples or others associated with a special event, or to enhance the image of the restaurant. (five to 100 rooms)

6. Bed and Breakfast establishments: B&Bs involve a handful of rooms rented out to guests, as a source of supplemental income to the homeowner. Their owner usually lives on the premises and is self-employed (e.g., writer, consultant), or has a flexible work arrangement (e.g., telecommutes, a teacher), or is a stay-at-homer (housewife, “retired”). As such, the room occupancy rate can be quite low. Room rates and room availability can range widely, since the owner often weighs the income increments against the enjoyment of his or her privacy and own vacation or regular work schedule. (five to ten rooms)

In truth, this hierarchy does blur. Some B&Bs serve dinner too. Many inns serve dinner only to their guests; or they have conference facilities as an amenity. Depending on room availability, the Wassaic Conference Center in Amenia will take people for single nights who are not participating in an event or retreat. Holiday Inns are sort of a motel, and sort of a hotel. Boutique hotels are a combination of an inn and small hotel. And so on.

But the hierarchy does help to reveal that Philipstown’s prospects for overnight accommodations encompass B&Bs, inns and conference centers.

At first blush, the town would appear to be too close to New York City and its suburbs to support overnight accommodations – who needs to stay overnight so close to home or place of business anyhow? But just enough people do – because of Philipstown unique setting amount mountains, parks, preserves and the Hudson; its variety of recreational, cultural and shopping experiences; and its image as a cherished place.

Indeed, Philipstown already has all three types of facilities. As Table 9 below shows, there are two inns and four B&Bs in town. As Table 8 above shows, four or so of the non-profit organization in fact operate retreats and meeting room facilities – i.e., conference centers for their brethren or peers, only. Another, St. Basil’s, appears to be pursuing this idea too. If theirs is not open to the general public, another entity is likely to propose a conference center at some point or another.

Table 9. Overnight Accommodations

<u>Facility</u>	<u>Location</u>	<u>Number of Rooms</u>	<u>Room Rates</u>	<u>Phone Number</u>
<i><u>Motels:</u></i>				
Country Side Motel	Route 9 North	22 rooms	\$59-\$120	265-2090
<i><u>Inns:</u></i>				
Bird & Bottle Inn	Route 9 South	4 rooms	\$230-\$280	424-3000
Hudson House Inn	Cold Spring	12 rooms	\$140-\$225	265-9355
<i><u>Bed and Breakfasts:</u></i>				
The Pig Hill Inn	Cold Spring	9 rooms	\$120-\$170	265-9247
Webster House	Cold Spring	--	--	265-4459
Plumbush	Cold Spring	--	--	265-9304
Eagles Nest	Route 9D, Garrison			424-XXX

Source: Cold Spring/Garrison Area Chamber of Commerce and Comprehensive Plan Special Board volunteers.

The overnight population is and will likely remain modest in size, but significant in its impact on a rural place like Philipstown. The town's B&Bs, inns and retreats now represent something like 100 rooms, at most. Another inn/conference center would likely only add 100 or so rooms to the inventory. Hypothesizing 200 rooms, an average room occupancy of 50 percent, and an average spending of approximately \$200 per couple/individual per night, these overnight accommodations would likely generate something like \$7 million in annual expenditures, half of which might be spent in local stores and restaurants.

Besides supporting local businesses, these overnight accommodations contribute to the quality of life and quality of business in Philipstown. In most places, the frequent complaint is that there are no places to put up visiting relatives and friends. This is also a hardship for local businesses – including home businesses and non-profit organizations. While some of these guests may balk at the lack of usual accoutrements – the swimming pool, gym, completely private bathrooms, etc.; others will be charmed by the setting, scale and details of their accommodations.

Finally, in addition to often providing a source of additional income and jobs, these facilities provide a new life for obsolete buildings. B&Bs, inns and conference centers almost always occupy historic houses, old inns, farm buildings and former mansions too large for today's families.

In general, the Town should be supportive of small-scale overnight accommodations. But it should not do so to the detriment of other planning and economic development principles. Here are some caveats (and some logical responses, too):

1. Inns and conference centers (though not B&Bs) are expensive to build and operate. They require extensive public spaces for dining and/or meetings; restaurant-quality kitchens; public bathrooms; and private bathrooms with most if not every room. They need to be kept in tiptop repair, and/or refurnished every so often. They are staff-intensive. For financing, they generally rely on family members or profits from other ventures (like restaurants). When conventional financing is forthcoming, it will tend to be valued on the basis of a fallback use – e.g., a single-family home for the B&B, an apartment complex for the conference center. ***The Town – ever vigilant to the quality of each operation – should be wary as to representations that the project is without risk of being under-capitalized and thus that promises will be kept.***
2. B&Bs, inns and conference centers (again like restaurants) are hard to sustain indefinitely. For the inns and conference centers, so much depends on the quality and reliability of the restaurants. Inns and conference centers are entrepreneur driven enterprises; and entrepreneurs sometimes lose interest or move on. They are thus subject to high failure rates, or at least some rocky times. ***The Town – still ever vigilant – should be wary as to representations that the project will be sustained as proposed or expected.***
3. ***When all is said and done in terms of land use impacts, a B&B is a home with transient boarders; an inn is a restaurant; and a conference center is a restaurant and motel. These characterizations should shape the Town's regulatory response to them.***

How then should overnight accommodations be best regulated?

First, B&Bs could be allowed not just in commercial districts but also in residential districts, provided that they meet the same restrictions postulated for other home businesses. These could include discrete signage, limitations on the number of parking spaces (and rooms), requirements that the building and property retain its residential appearance, assurances as to off-premise noise and light, requirements that the owner reside on the property, etc.

Inns and conference centers should be limited to sites with frontage on or at least very easy access to State roads, i.e., Routes 9 and 9D. Such roads can carry their traffic (remember, while small, they will have en masse arrivals and departures in connection with weddings and other events). And they are more sustainable on these more major roads, given both the added visibility and the simpler directions for visitors. Specific performance standards should be employed with regard to buffers, noise, light, etc. (This is especially important since they will often stage weddings and other events outdoors.) They should be allowed only by special permit in residential areas, and maybe in commercial districts too. The special permit should pay special attention to any potential impacts on adjoining residences, as well as traffic and safety considerations.

In short, the Town should be supportive of overnight accommodations, but wary as to their long-term prospects and impacts.

PHILIPSTOWN'S OVERALL POSITION OF STRENGTH

There is any number of reasons to pursue economic development. Most often, the priority is either or both on (1) creating or upgrading the jobs held by local residents, or (2) reducing residential taxes. In some places, economic development has to do with (3) providing residents with services, (4) allowing owners to realize their expectations as to the value and use of their property or business, (5) maximizing aggregate property values (embracing but not limited to the tax goal), and (6) preserving a way of life or diversity of population.

Based on the discussion below, it would seem that the last two of these six purposes – boosting property values (hence tax revenues) and preserving community character – have the greatest relevance for Philipstown.

Jobs

Job creation and upgrading need not be a prime motivator for economic development in Philipstown.

The town and region have a relatively low unemployment rate. In March of 2002, the unemployment rate for Putnam County was 3.5 percent, versus 4.3 percent for the Hudson Valley and 6.2 percent for New York State.

Putnam County, of which Philipstown is a part, also has a highly favorable economic development position. Based on the latest statistics reported by the Cold Spring/Garrison Chamber of Commerce, Putnam County has:

1. The third highest median household income in New York State.
2. Last place in the proportionate number of residents with incomes below the poverty level.
3. The highest job growth rate in New York State.
4. First place in the proportionate number of new businesses created.

The vast majority of Philipstown's employed residents commute out of the town. There are plenty of employment opportunities nearby -- with Midtown Manhattan a little more than one hour away by train, the Interstate 287 office corridor and White Plains a little more than a half-hour away by car, and various IBM facilities even closer. The possibility of doubling the few jobs within Philipstown is insignificant in comparison to the possibility of even miniscule increases in the vast number of jobs within a short commuting distance.

From a jobs point of view, the Town should (1) support a limited access highway connection along the Bear Mountain Parkway to the Taconic State Parkway, and (2) support efforts to add trains going to and from as well as parking at the Garrison and Cold Spring train stations. These are the town's transit and vehicular lifelines. The NYS Department of Transportation and Westchester County are already conducting studies that *tentatively* support completing the missing link of the Bear Mountain Parkway in Yorktown. MetroNorth has already improved the quality and timeliness of rail service to Philipstown. These improvements bolster the ability of residents to tap into the labor pool of the metro New York region.

Tax Rates

As the table below shows, Philipstown falls somewhere in the middle in terms of taxes. There is a geographic dimension to this – in which Philipstown compares very well to its Westchester neighbors, and poorly to its Dutchess County neighbors. This probably has to do with the nature of taxes in a suburban versus an exurban/rural community – with Philipstown, like its Putnam County neighbors, falling somewhere in the middle. (See Table 10.)

Table 10. Comparative Tax Rates

Municipality	Property Tax Rate Per \$1,000	Total Tax Per Capita	Reliance on Residential for Taxes
Philipstown (Rank)	22.5-22.9 (Lowest out of 14)	\$2,173 (10 th highest out 20)	79% (4 th highest out of 12)
<u>Westchester:</u>			
Cortlandt	38.3	\$2,950	49%
East Chester	29.3	\$3,250	--
Peekskill	38.7	\$1,416	--
Scarsdale	--	\$4,541	92%
White Plains	29.7	\$2,676	27%
Yorktown	23.8	\$2,743	66%
<u>Putnam:</u>			
Kent	--	\$2,224	86%
Southeast	23.2-27.1	\$2,296	64%
Putnam Valley	32.0	\$2,577	83%
Carmel	--	\$2,342	--
Patterson	--	\$1,829	--
<u>Dutchess:</u>			
East Fishkill	33.7	\$1,545	53%
Fishkill	30.3-31.1	\$1,373	--
Hyde Park	26.0	\$1,301	--
Pleasant Valley	--	\$1,482	68%
Poughkeepsie	47.3	\$1,772	--
Red Hook	28.9	\$1,874	--
Rhinebeck	22.0-24.0	\$2,786	--
Wappingers	28.3-33.6	\$1,453	61%

Source: Comprehensive Plan Special Board volunteers.

There is, however, no geographic pattern with regard to how much each municipality relies on its residential tax base, versus its non-residential tax base (“tax ratables”). **There is therefore no ipso facto reason to increase Philipstown’s non-residential base.** If the amount of non-residential development was increased by 50 percent (which is highly unlikely even if desired), it would reduce the reliance on residential land from 79 percent to 72 percent, based on current values. This would yield at most a 10 percent decrease in taxes, or something like \$200 per capita or \$500 per household, on average.

While lower taxes are always better than higher taxes, Philipstown has the lowest tax rate of all of the municipalities considered. If its residents pay more, it is because their property is worth more.

Taxes and Expenditures

Nevertheless, a closer look at Town and Village taxes and revenues shows where some of the beefs with local property taxes lie.

There are two incorporated villages in addition to the town, with overlapping but uneven distribution of services to which tax dollars are committed. Three school districts and five fire companies serve the town. All of these jurisdictions have substantially different tax bases and tax rates: at \$18.52 per 1,000 in assessed value for the Garrison school district; and \$26.17 per \$1,000 for the Haldane school district. Thus, residents throughout Philipstown (inclusive of the villages) do not pay the same tax rates, let alone the same taxes, for comparable services. This likely adds to the sense of residents that someone else is getting better treatment with regard to taxes.

Second, income disparities are also likely to add to the sense of inequity. Some very wealthy property owners in some parts of the town (notably Garrison) are being taxed on their *second* home, which benefit from proximity to protected land, for which some owners may have also received income tax benefits. Many less wealthy property owners in other parts of the town (notably North Highlands) are being taxed on their *only* home. Thus, unlike in most communities, there is no clear corollary between home values and income. This too likely contributes to a sense that someone else is getting better treatment with regard to taxes.

Third and most important, changes in property values are creating tax shocks for many residents. Many residents (particularly in the villages) have seen their homes escalate in value by more than 100 percent in the recent past. A Countywide reassessment four years ago brought this disparity home, with Philipstown homeowners particularly placed at a disadvantage since reportedly home values went up more here than elsewhere in the county; hence Philipstown's share of County (and school) taxes also went up more. To illustrate: the median income of town residents was \$66,000 as of 1999, which based on usual rules of thumb yields an ability to pay for a \$200,000 home, in fact equal to the median home value in 2000. Now, various sources (New York Times, local realtors, the Chamber of Commerce) report typical home values of up to twice that amount now. (Also see Table 11, below.) This poses a particular problem for people on fixed incomes, such as seniors. One out of four Philipstown households has someone over 65 years of age.

Table 11. Home Values

School District	Median House Sales		Percent Change
	1990	1992	
Garrison	\$300,000	\$520,000	73%
Haldane	\$200,000	\$300,000	50%
Lakeland	\$150,000	\$240,000	60%

Source: *Business and Economic Development Report, 1992.*

Fourth, many seniors and even some parents are likely to resent the main tax bill, which is for public education. According to the United States Census, only 48 percent of Philipstown's households have children. According to a 1997 town-wide survey, as much as 17 percent of the families with

children say that their kids shall not attend public school. This is not to say that public education is not a top priority that at some point or another everyone benefits from; it simply indicates that over half of Philipstown's households will not view themselves as directly benefiting from the major part of their property tax bill.

Fifth but not very significant, there is some redundancy in Town, Village of Cold Spring and Village of Nelsonville services. In addition to duplicative departments, there are two Village Halls as well as one Town Hall, for an aggregate population of fewer than 10,000 people. This puts neighborhood pride somewhat at odds with any effort to fully consolidate and reduce public expenditures.

(Note that this redundancy does not necessarily lead to the conclusion that the Villages and Town should consolidate further. Town expenditures total something like \$3 million, out of total property tax revenue of \$20 million. There is also functional consolidation of services already, with the Villages contracting out some items to the Town. Even if further consolidation saved 20 percent of the total budget, it would have only a 3 percent impact on the residential tax bill. The Town's and Villages' expense profile are also helped by the fact that of the 100 miles of public roads in Philipstown, the State has jurisdiction over 32 miles, and the County has jurisdiction over 8 miles. This means that the Town pays for the maintenance of only 60 percent of its roads. Roadway maintenance is usually the highest municipal expenditure after public education.)

Sixth, second homeowners (including those who make Philipstown their official residence) and trophy homeowners are not likely to feel the tax pinch as much as other homeowners. Second homes are the ultimate disposable income expenditure. A tax bill that is one or several thousands of dollars higher does not figure greatly in the decision to spend hundreds of thousands of dollars on an extra place of residence. Roughly 10 percent of the homes in Philipstown are second homes; perhaps 5 percent are second homes though they are declared the legal address of their owners; and another 5 percent can be considered trophy homes. (The United States Census reports that there were, in 1990, 3,636 households but 4,024 units, in a town with a negligible vacancy rate; and that 10 percent of all units were valued over \$400,000.) Thus it seems that approximately 20 percent of Philipstown's houses are second and trophy homes.

Putting these factors together signifies that the Town and Villages should expect griping about taxes. The greatest complaints are likely to come from those areas and populations characterized by the greatest proportionate escalation in property values, the greatest proportion of seniors, and least proportionate number of second and trophy homes – i.e., the villages and North Highlands.

Yet, to repeat, there is no tax crisis in Philipstown; and the Town's response to its tax problems can be measured – specifically aimed at dealing with the complaints of long-term residents in general and seniors in particular. This can especially take the form of continued tax forgiveness for seniors. If legal and practical, it might also take the form of graduated tax increases in connection with future reassessments, exclusive of re-sales, which could be subject to full reassessment.

Property Not Subject to Taxes

The greatest tax-related controversy in Philipstown apparently has to do with the large amount of land that is not subject to taxes. This potentially includes State- and County-owned land; property owned by charitable and religious organizations; as well as land donated to various land trusts, including the Open Space Institute. Indeed, thanks in equal measure to its spectacular landscape

and the presence of a gentleman class, substantial land has been taken off of the tax rolls. To all appearances, nearly half of the town is not subject to taxes. (See Table 12.)

Table 12. Preserved and Charitable Property*

Category	Acres/Dollars	Percent of Total	Average Per Acre
<u>Land Area:</u>			
Total land area	29,873	100%	--
State-owned	9,092	30%	--
Open Space Institute**	1,463	5%	--
Other Preserved acres	3,608	12%	--
Charitable and religious	1,183	4%	--
Subtotal for untaxed acres	13,883	47%	--
<u>Assessed Value:</u>			
Total assessed value	\$830 million	100%	\$27,784
State-owned	\$29 million	3%	\$3,160
Open Space Institute**	--	--	--
Other Preserved acres***	\$11 million	1%	\$3,160
Charitable and religious***	\$69 million	8%	\$58,326
Subtotal for untaxed parcels	\$109 million	13%	\$7,851
<u>Tax Revenues:</u>			
Total tax revenues	\$20 million	100%	\$670
State-owned	\$0.33 million	2%	\$36
Open Space Institute	\$0.16 million	1%	\$109
Other preserved acres****	\$0	0%	\$0
Charitable and religious****	\$0	0%	\$0
Subtotal for untaxed parcels	\$0.5 million	3%	\$36

Source: July 2002 draft paper prepared by Open Space Committee of the Comprehensive Plan Special Board.

*Town only; excludes incorporated villages.

**Included in "Other preserved acres" and "Charitable and religious" categories.

***Estimates extrapolated based on same average assessed value of \$3,160 per acre, employed by the State for its parkland. This is reasonable since most of the preserved acres, like the State-owned land, is difficult to develop; and most of the charitable and religious properties have structures on them.

****Presumed to be zero. This needs to be confirmed.

Note that the State is now paying \$328,000 in PILOTs (payment in lieu of taxes) to the various taxing authorities in Philipstown (the Town, County, school districts, etc.). This represents an effective tax rate of \$11 per \$1,000 in assessed value, roughly one-half the Town-wide rate of approximately \$23 per \$1,000. The reason for the disparity has to do with recent State acquisitions that are not reflected in the current formula, and similar anachronisms. This differential is likely to increase should the State acquire additional parkland as proposed. **The Town should firmly advocate that the State update its PILOT regularly.** This would lead to an immediate doubling in the State's PILOT, and further increases over time.

Local land trusts include the Scenic Hudson Land Trust, Hudson Highlands Land Trust, and the Open Space Institute (OSI). OSI and its tenants are presently paying a PILOT of \$158,000 in connection with property that has uses on it. This is equal to \$109 per acre, roughly three times what the State pays per acre, but one-sixth what property in general pays. **In the future, the Town**

could promote PILOTs for preserved and charitable land roughly within the ranges indicated above, i.e., \$36 to \$109 per acre, or \$11 to \$23 per \$1,000 in assessed value.

Yet the Town should be willing, in most cases, to forego PILOTs from charitable and conservation organizations. There are manifold advantages associated with the preserved and charitable land. Consistent with what the Open Space Work Group has already noted, these include the following benefits:

1. Open space increases the value of residential properties. Based on our prior work, open space views add something like 10 percent in value in low-income areas; and as much as 300 percent to value in high-income areas.
2. Open space is essential to creating value for Philipstown as a second home community. Assuming that 20 percent of the Town's 3,600 homes are second and trophy homes, and that their average value is \$500,000, this sector can account for 40 percent of the town's tax base. (Average home values will be higher than median values in Philipstown, due to the number of properties valued over \$1 million.)
3. Open space reduces certain Town expenditures, by reducing the need for flood control and improving water quality. Nearby towns are, for example, about to spend something like \$200 per year per household on stormwater facilities – an amount that the Town may not need to incur.
4. The open space amenities, churches, museums, performance facilities, etc. are central to Philipstown's image and quality of life. The Open Space Institute, for example, recently donated the Malcolm Gordon playing fields to the Town as well as 120 acres of the Lonestar property to the Village of Nelsonville; OSI also acquired and made available the veteran's memorial site on Main Street in Nelsonville. Charitable organizations account for a considerable part of the town's employment and entrepreneurial base, as elaborated upon earlier.

Comparative Tax Advantages of Different Uses

Dealing just with the *direct* costs and tax revenues associated with open space versus other uses shows just how advantageous the preserved land is from a tax point of view.

Residences usually generate more tax expenditures than revenues, due to the fact that the biggest tax bill is for school-age children. But there are nuances. Senior housing and small apartments and condominiums usually generate lower tax bills, due to the relative absence of school age children. Senior citizen housing and smaller condominiums are generally revenue neutral – with tax revenues approximating tax expenditures. Second homes generate more tax revenue than expenditures. More expensive homes also generate more tax revenue than less expensive homes. In Philipstown, the \$20 million in expenditures equals \$5,500 per household; at an equalization rate of roughly \$23 per \$1,000 assessed value, every home valued at over approximately \$240,000 is theoretically revenue-neutral or positive. In fact this is not necessarily the case, since the number of children will also tend to go up with the size of the home, which is, with location and character, one of the drivers in housing value. As benchmarks, it would be reasonably safe to assume that every second home or house owned by a senior valued at over \$250,000 is revenue-positive; as is every house occupied by a family valued at over \$500,000. On average, residences are likely to cost the municipality \$1.20 for every tax dollar generated, based on comparables from nearby Fishkill and Northeast.

Commercial development does just the opposite: on average it generates more tax revenues than expenditures. Typically, commercial development generates twice or thrice as much revenue as

expenditure for a municipality. Commercial development is generally more valuable than industrial development, per acre. In Philipstown, commercial development is likely to cost the municipality 30 cents for every tax dollar it generates, again based on comparables from nearby Fishkill and Northeast, and also Litchfield, Connecticut.

Agricultural (including land set aside for logging), preserved land (including land dedicated to land trusts) and institutional property (including churches) — in aggregate — generally generate more tax revenues than expenditures. However, the spread between revenues and expenditures can be quite different from town to town, depending on how much and what types of the land are actually taken off of the tax rolls. The more land that is tax-free, the lower the average; the more land that is pure open space, again the lower the average. Thus, in Amenia, with its ample farmland still on the tax rolls, open space costs the municipality only 17 cents for every tax dollar it generates. In Fishkill, open space costs the municipality 74 cents on the dollar. Regardless of where Philipstown falls in this range, it is virtually certain that the town's open space generates more tax revenue than municipal/school expenditure. Like nearby Red Hook and Litchfield, Philipstown's open space is likely to come in at about 20 cents on the dollar.

Putting this together yields the following order-of-magnitude figures:

Table 13. Order-of-Magnitude Fiscal Impacts

Land Use	Cost per Dollar of Tax Revenue	Acreage	Tax Revenue	Net (Expense) or Revenue
Residential	\$1.20	15,000	\$15 million	(\$3,000,000)
Commercial	\$0.30	1,300	\$4 million	\$2,800,000
Open space	\$0.20	14,000	\$0.5 million	\$400,000
Total	--	30,000	\$20 million	\$0

Source: APPS.

Thus, while residential uses generate the greatest tax revenue, they generate a net loss after accounting for public education and other expenses. Commercial development generates far less revenue, but more than half is realized as a net gain. Open space generates hardly any tax revenue, but virtually all of it registers as a gain. Open space also bolsters residential property values, as described earlier.

Finally, open space forecloses additional residential development. According to the Open Space Work Group, there are approximately 12,500 acres potentially available for development, of which half cannot be developed due to topography. These 6,000 or so acres could, at an average density of four to five acres per unit, generate approximately another 1,000 units. At an average of 40 building permits per year (based on the 1990's rate of approximately 50 per year and the present rate of approximately 25 units per year), build-out would be achieved in about 25 years. Depending primarily on sales prices and the presence of school-age children, these dwellings may or may not represent net gains or losses for the Town's fiscal health.

Clearly, it is in the Town's interest to maximize open space, even if it is taken off of the tax rolls as a result. By comparison, even if commercial development were to increase by 50 percent, it would, at its current value, generate only about \$1.5 million more in net tax revenues after accounting for costs. Most of the potential open space is actually off of Route 9 and away from the

Village's Main Street, and therefore not suitable for commercial development, anyhow. Therefore, to be tax-positive, the open space would have to be parceled out and developed at a value of something like \$500,000 or more, per house.

Public Opinion

The silent majority of residents appear to concur with the conclusion that while economic development is desired, it should not be at the expense of other community values. Surprisingly, one out of three residents does not place much value on economic development as a way to reduce taxes; and one out of two does not place much value on economic development as a way to provide more services. (See Table 14.) ***Thus, Philipstown is in the enviable position – both from a tax point of view and accountability point of view – to be selective in how it pursues economic development.***

Table 14. Viewpoints on Economic Development

Viewpoint	Villages and North Highlands	Garrison	Town Total
Businesses pay school taxes	65%	58%	61%
Community needs more businesses and services	46%	25%	40%
Community would be harmed by business development	21%	45%	29%
Economic development will harm the quality of life in Philipstown	51%	59%	54%
Prefer to have business and commercial development outside Philipstown	55%	73%	61%
Want Philipstown to stay the way it is	56%	75%	62%

Source: 1997 survey of residents

Note: The viewpoints expressed above were garnered from a survey in which 80 percent of the respondents had a household income under \$100,000 per year; and 96 percent lived in Philipstown year-round.

Economic Development and Authenticity

In light of the Town's position of strength with regard to jobs, taxes, and public opinion, economic development need not follow the conventional route of job creation/retention and tax ratable development.

Instead, in our discussions and workshop, a more paramount economic development objective was identified that is also unique in our experience: authenticity.

This theme emerges from several separate discussions. First, as discussed earlier, there is a clear preference for small unique shops rather than chains and franchises. Second, there were few complaints about the industrial uses north of Route 301; rather, discussion focused on how to keep such operations in town though contained to their present general location. Third, a number of popular retail uses (the Route 9 pizzeria and hardware store, as examples) are physically unattractive but part of the familiar cultural landscape; their scenic upgrade is less a concern than forestalling future unattractive development. Fourth, though there is considerable leakage of retail sales out of the community, and longer than usual travel times for supermarket and other purchases, two out of three surveyed residents indicated that they "prefer to have business and commercial development outside Philipstown."

The authenticity theme especially emerges in the lumping of affordable housing discussions with economic development. The Economic Development Work Group, in answering its own question "Why Economic Development" states: "Our population 'mix' of blue collar, white collar, entrepreneur and retiree is as vital to Philipstown as is our scenic beauty. This mix gives us our volunteers, our diversity of opinion, our local work force and frankly our charm." Participants in the workshop and on the tours indicated expressed particular concern about rising property values and affluence displacing existing residents and reducing the town's diversity of residents.

This provides a compelling argument for affordable housing strategies, not tax ratable development, even though this will increase the burden on local schools and services.

The issue with taxes is the increase in property values, not the tax rate per se. The increases in Philipstown's property values can and would likely continue apace, even if there were lower taxes. The appropriate response is to target the populations most effected by taxes and most likely to be displaced by gentrification: seniors and local workers. ***In addition to targeted tax relief for seniors, potential strategies include promotion of accessory housing, cluster development, above-store apartments, multi-family housing and other housing models that, unlike large lot development, address the housing needs of people with more modest means.*** These are among the strategies already put forward the Housing Work Group.

Tourism

If indeed the town wanted to maximize its economic development potential, the most effective way would be to promote tourism. This would in fact be easy.

The town currently has a significant roster of recreational and tourist attractions. These include the following (based on Chamber of Commerce and Putnam County promotional brochures and web sites):

1. Historic Cold Spring/Nelsonville and Garrison Landing
2. Cold Spring's Main Street, with its antique and restaurant rows

3. Spectacular setting at the Hudson River fjord
4. Boscobel Restoration, one of the Hudson River Valley's key attractions
5. Cultural facilities, such as the Garrison Art Center, Depot Theater, and the extremely popular Hudson Valley Shakespeare Festival at Boscobel Restoration
6. Other historic sites and landmarks, such as Castle Rock, Chapel of Our Lady, Davenport Monument, Dick's Castle, Foundry School Museum, Graymoor, Mandeville House, Minotoga, Mountain Avenue Cemetery, and St. Basil's Greek Academy
7. Extraordinary hiking, including the Clear Lake Boy Scout Reservation, Fahnestock State Park, and Hudson Highlands State Park
8. Other beautiful parks and preserves, such as Bannerman's Island Castle, Constitution Marsh Wildlife Sanctuary, Little Stony Point, and McConville Park
9. Unique accommodations, including the Bird & Bottle Inn and Chuang Yen Monastery
10. Golf clubs, including The Highlands Golf Club and Garrison Golf and Country Club
11. Growing kayaking and boating facilities, such as the Cold Spring Boat Club and Outdoor Sports store
12. Other rural and recreational attractions, such as the Saunders Farm in Garrison and attractive cycling along local roads

The greatest limitation with regard to tourism in Philipstown has to do with the seasonal nature of these attractions. Walking, scenic drives, Boscobel and the Shakespeare Festival are really spring-to-summer attractions. As discussed earlier, this seasonality significantly constrains the sustainability of overnight accommodations, as well as retail development.

It would be possible to overcome much of this liability. ***The Town and Villages could join forces with Beacon and Peekskill to create a multi-town promotional campaign, emphasizing year-round cultural attractions.*** With the Dia coming to Beacon, and with the growing artist community in Peekskill, this portion of the Hudson Valley will have even greater appeal as a cultural destination. Philipstown could cash in as the community in the middle, and with the most affluent and sophisticated population for miles around. The fact that the majority of tourists tend to follow bohemians (to SoHo, for instance) and the wealthy (to the Hamptons, for instance), and that these two populations are synergistic, means that Philipstown/Beacon/Peekskill would be an easy sell for cultural tourism. This linkage could be promoted through joint marketing.

The Town and Villages could also try to link up with the West Point Military Academy, as a joint attraction. Indeed, combining these destinations could lead to increased visitation to West Point, since Philipstown's diverse and bucolic attractions could counter any family resistance to visiting a military site. Again, this could be accomplished through marketing.

The Town and Villages could also seek to boost its winter attractions. Promotional campaigns involving discounts at all restaurants and accommodations could be instituted. The Hudson Valley Guided Tours could be approached with regard to how the Town and Villages might boost winter tours. Boscobel and other institutions could be approached about filling out the roster of cultural and other events scheduled in the winter. House and historic district tours could be encouraged in the shoulder seasons and winter. MetroNorth could be approached about a rail and walking tour excursion, timed to coincide with winter events. Big events could be scheduled in late fall and early winter (Halloween arts festival, Thanksgiving Day Feast, Christmas lights, etc.) when spending on gifts, housewares and even antiques and furniture reach their peak. Shopping during such events tends to be limited, but they are highly effective as a means to expand recognition in the regional marketplace.

Indeed, given its spectacular setting and ample attractions, ***all the Town and Villages would likely have to do is hire a publicist.*** Such a professional could assure that the town and villages are featured in a number of places – the New York Times travel and weekend escape sections, of course; but also specialized magazines dealing with art and antiques, golf, boating, hiking, heritage tourism, etc. Typically, tourists (of all sorts, as discussed next) will travel in each direction up to one-quarter the travel time of the event; for instance, up to half-an-hour for a movie, up to half-a-day for a two-day trip to Disneyworld. Packaging and linking Philipstown's attractions is all that is needed to expand the physical distance people will travel from, as well as to gain greater recognition in the tourism marketplace.

It should be emphasized that “tourism” here embraces a wider variety of patrons than usually supposed. Of course, this population encompasses people staying overnight, day-trippers, and people on tours. But this population also includes second and trophy homeowners; and even local and regional residents who are acting like tourists near their home. The overnight population is small, but will tend to be big spenders (\$150 per night on overnight accommodations, \$100 a day on food, \$50 on purchases, for example). The day-tripper and tour bus population will be vast, though they will tend to spend little (\$25 a day on food, \$25 on purchases, for example). Second homeowners, trophy homeowners and local and regional residents can also be vast in number of *visits* (as opposed to their numerical count), and can be expected to pay more (\$50 a day on food, \$50 on purchases, for example).

Tourism can have a fiscal benefit besides more local expenditures: an increase in second home and trophy home values. The area's reputation as a destination could create a “Hamptons on the Hudson” image and reality. The desirability of second homes and trophy homes in the community would likely increase and spread. This was the experience in the Hamptons, where originally second and trophy homes were confined to the area south of the railroad tracks and close to the ocean; they now pervade the town. The outcome would be favorable to the Town's fiscal health, since second and trophy homes generate relatively high tax revenues and low municipal and school expenditures. Simply compare the value of one industrial shed to that of a trophy home.

But the outcome would not be favorable in terms of other community goals, including authenticity. Considerable social upheaval would accompany such a transformation. The amount and rate of gentrification would accelerate. Many more residents would no longer be able to afford living in Philipstown. In the Hamptons, longstanding residents often were able to cash in by selling their excess property (especially farmers), or starting businesses geared to the gentry (especially contracting). These prospects seem more remote in Philipstown. Instead, Philipstown's longstanding residents would likely find that the cultural and physical landscape less and less familiar, as commercial gentrification will follow residential gentrification. Even the town's affluent population would not be immune, as “new money” tends to chase out “old”. And with added traffic and transience, the quality of life would diminish for all residents. Philipstown could be a victim of its own success.

The Town could also be launched on an economic development roller coaster. Tourism is subject to extreme fluctuations, as fads change or as the Stock Market swings. Rents in the village would likely soar, leading to high turnover of stores as merchants commit to spaces based on unrealistic expectations. This is especially true in places like Philipstown that have more of a seasonal than a year-round tourist appeal.

To a great extent, earlier strategies will promote these trends anyhow. Thus the real question is not whether these are the trends to contend with, but whether the Town and Village leadership prefers to accelerate and accentuate them. It would seem not, based on the earlier discussion about authenticity. ***The best tourism strategy for the Town may in fact be benign neglect – bolster-***

ing Philipstown's status as a well-kept secret. What the Town and Villages may lose in tax revenue, they may gain in sustainability as an attractive place to visit *and* live.

CONCLUSION

To close, Philipstown (and the Villages of Cold Spring and Nelsonville) have a particular challenge involving a tightrope walk between economic development and other community values. On the one hand, the Town and Villages could promote tourism to the hilt; this would be easy. But it would likely lead to irrevocable changes in the social composition of the town that would not benefit its current residents – unless they would like to cash in and move elsewhere, of course. On the further hand, conventional strategies – i.e., strip development and conventionally sited industry, mainly along Route 9 – do not generate significant economic development value. Ironically, land preservation is more profitable, from an economic development point of view.

The answer likely lies in what planners and pundits are now calling “smart growth.” The question is not whether or not to have tourism (it’s inescapable unless the landscape is ruined); but to moderate its pace and impacts. The question is not whether or not to have strip development and industry, but to contain and design it consistent with other community values. The question is not whether to promote or object to further land preservation, but to seek additional compensations (public access, PILOTs) that add to the public benefit, in addition to the fiscal benefits described earlier. The final question is not whether or not to bemoan the loss of diversity and authenticity, but to put the Town (and Villages) in the forefront on progressive affordable housing and taxing policies. These finesses may seem hard based on current fiscal conditions. Nonetheless, rising property values hence assessments, as well as the town’s highly sophisticated citizenry and non-profits, should make it possible, if it can be done anywhere.