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AUTHOR	Brown, Richard H., Jr.
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ABSTRACT

Based on the results of a lot-owner survey and on data from public records and other sources relative to the development of a second-home community in Lake Latonka, Pennsylvania (begun in 1964 and sold out in 1966), economic impacts were estimated by applying appropriate income multipliers to reported use and development expenditures. It was estimated that the 1,275 acres of crop and pasture land which were transformed into a second-home recreation community could produce the following effects: (1) the development would generate $14 million in business activity before 1970, with less than 40 percent of that total accruing to local business; (2) financing of development activities would have a significant impact on the local area; (3) variable use and special use expenditures of homesite buyers and their guests would generate $2.6 to $6.7 million in economic activity during 1965-70, with half of this total accruing to local business; (4) after 1970, use expenditures would generate $0.5 to $1 million annually; (5) maintenance expenditures would produce $0.3 to $0.6 million of gross business activity annually by 1975; (6) existing school facilities would be sufficient through 1975, but by 1975 or 1980 could pose a problem for adjacent communities if Latonka failed to provide for its own needs; (7) the development probably would have little or no effect on the value of agricultural output. (JC)

ERS-452

Economic Impact of Second-Home Communities

A Case Study of Lake Latonka, Pa.

2

U.S. Department of Agriculture Economic Research Service

ABSTRACT

This study describes the transformation of 1,275 acres of Pennsylvania farmland into a 1,600-lot second homesite subdivision with a 270-acre lake. The study estimates that the first $7 million of development activities at Lake Latonka could generate $14 million of business activity before 1970, with less than 40 percent of the total accruing to local businessmen. Financing of development activities is expected to have a significant impact on the local area. Variable use and special use expenditures of homesite buyers and their guests generated $2.6 to $6.7 million of economic activity during 1965-70, with half of this total accruing to local businessmen. After 1970, however, use expenditures are expected to generate $0.5 to $1 million annually. Maintenance expenditures, initially small, will produce $0.3 to $0.6 million of gross business activity annually by 1975. The report also discusses the new community's impact on real estate taxes and demand for public services from adjoining communities.

Key Words: Economic impacts, Second homes, Vacation properties, New towns, Outdoor recreation, Resource development, Residential subdivisions, Pennsylvania.

The photo on the cover is not one of Lake Latonka, but is typical of such communities.

PREFACE

This study, a part of the Penn Soil Resource Conservation and Development (RC&D) Program of the U.S. Department of Agriculture, was performed in accordance with a Memorandum of Understanding between the Economic Research Service and the Soil Conservation Service. The study's findings should be useful to citizens, civic groups, and local government officials in other areas in which second-home communities or other residential developments are being planned or are underway. Frequently, information on costs and probable economic effects of such developments is lacking in the planning phase.

The study would not have been possible without the generous cooperation and sponsorship of the Penn Soil RC&D Executive Committee and many other public officials and private citizens of Mercer County, Pa., who gave so freely of their time.

Washington, D.C. 20250 November 1970

CONTENTS

LIST OF TABLES

List of Tables-continued

List of Tables-continued

LIST OF FIGURES

SUMMARY

Transforming 1,275 acres of cropland and pastureland into a second-home recreation community brought added income to local businesses, a rise in tax revenues, and little or no change in the demand for government services. The Lake Latonka, Pa., development --a 270-acre lake and 1,600-lot recreation subdivision--was begun in 1964 and sold out in 1966.

The study of the development was performed by the Economic Research Service to determine the new community's private and public economic impacts and to serve as a guide for evaluating other similar developments. The time frame for the analysis began in 1964 and ended in 1970.

Development expenses of nearly $7 million--$0.5 million for site acquisition, $2 million for site preparation, $3 million for home construction, and $1.5 million for management and promotion activities--are expected to yield about $14 million in gross business activity during 1965-70. The local portion of this impact probably will not exceed $4 million.

Through 1970, an estimated $2.9 million will be spent by lot owners on use activities--$0.8 million for recreation equipment, $0.5 million for home furnishings, and $1.6 million for variable use expenses. These expenditures may generate $5.8 million of business activity, of which $2.5 to $3 million will accrue to the local area.

Financing of development activities will produce an estimated $0.7 million or more in interest income through 1970, but less than $0.5 million will accrue to local lenders. From 1966 to 1968, financing activities drained the local stock of loanable funds by as much as $1.5 million to $2 million, but these stocks are being replenished as the notes and mortgages are repaid.

The gross economic impact generated by maintenance expenditures will probably be minimal through 1970--about $1 million, with the local RC&D area receiving about half. However, by 1975, maintenance expenditures may increase to $0.3 million annually, generating about $0.6 million of business activity annually.

By 1970, the Lake Latonka development will have added about $1.8 million to the real estate tax base of Mercer County, increasing tax collections $0.1 to $0.2 million annually, based on 1965 tax rates. This expected rise in tax revenues should more than offset the cost of any additional services that the new community may demand from local taxing districts.

School enrollment data indicate that existing school facilities in communities adjoining Lake Latonka will be sufficient to meet the needs of school age children through 1975. However, by 1975 or 1980, the demand for educational and other public services--not researched in this study--could pose a problem for adjacent communities if the Latonka community fails to provide for its own needs.

The Lake Latonka development displaced very little economic activity, since much of the site--prior to being acquired by the development company--was being used primarily for agricultural purposes, yielding less than $2,000 of tax revenues annually from a tax assessment of less than $30,000. Furthermore, the development probably had little or no effect on the value of agricultural output in the local area, since similar idle land resources are nearby.

ECONOMIC IMPACT OF SECOND-HOME COMMUNITIES: A Case Study of Lake Latonka, Pa.

by

Richard N. Brown, Jr., Agricultural Economist
Natural Resource Economics Division
Economic Research Service

INTRODUCTION

Many planners, civic leaders, and private citizens recognize that natural resource development can have a significant impact on the economy of an area. They also recognize that development activities consume time and resources. Therefore, before civic leaders and businessmen commit capital to a proposed project, they usually want to know the following: First, what will the proposed project cost; second, what impact will the proposed project have on them; and third, what impact will it have on the local economy?

In 1964, the Executive Committee of the new Penn Soil Resource Conservation and Development (RC&D) Project wanted to know what public and private impacts could be expected from the development of new second-home communities. 1/ This information was needed to improve plans for similar developments in the Penn Soil RC&D area. Since its search for the information met with little success, the RC&D Executive Committee decided to sponsor a special study to obtain the necessary information.

This report presents some of the findings of the special study plus a comprehensive analysis of the economic impacts generated by one of the many new second-home communities in the Northeast (8) (9). 2/ The primary objectives of the analysis were to: (1) describe how a second-home community was developed and financed; (2) identify and estimate the economic impacts generated by development activity expenditures; and (3) identify and estimate the economic impacts generated by the expenditures of those who own and use the Lake Latonka site. Some impacts were examined only briefly, but the most significant ones have been identified and are recorded herein.

1/ The Penn Soil RC&D Project is sponsored by the Directors of the Soil and Water Conservation Districts and the Boards of County Commissioners in Crawford, Mercer, and Venango Counties, Pa. Erie County was added to the project in 1970 after this analysis was completed. The Executive Committee is composed of one representative for each sponsor plus one representative-at-large from each county. All representatives are appointed by the sponsors.

2/ Underscored numbers in parentheses refer to items in the Literature Cited.

Background of the Development

Late in 1964, a nonresident development company purchased options on a 1- by 2-mile strip of rural real estate along the banks of Coolspring Creek in Mercer County, Pa. The bottomland along the stream was wet and swampy, and the uplands were mostly open fields with some trees and brush. Although most of the site could have been used for agricultural purposes, part of it was idle when the developer bought it.

About half the site is located in Coolspring Township and the rest in Jackson Township. Coolspring Township lies within the boundaries of Mercer Area School District, but Jackson Township is located in the Lakeview District. Both townships, however, are in Mercer County and have limited tax bases.

The location of the development undoubtedly contributed to its growth. The site is within 1½ hours' driving time of downtown Pittsburgh and within ½ hour of Youngstown, Ohio. It lies 60 miles north of Pittsburgh, 5 miles east of the Borough of Mercer, and about ½ mile west of the Mercer Interchange on Interstate 79 (figure 1).

Traditionally, residents of Pittsburgh have traveled through Mercer to vacation on the shores of Lake Erie. The development of Lake Latonka offered similar facilities with only half the driving time. For some people, this part of northwestern Pennsylvania is particularly attractive because it is peaceful, picturesque, and relatively unspoiled by urban sprawl.

The site was transformed from general crop and livestock farming to recreational homesite uses with a dam and lake in less than 2 years. Although negotiations for local financing began in July 1964, the developer did not begin buying the site until December. Six weeks later, acquisition was completed and development began. Four months were needed to lay out the first section of lots, and another 17 months were needed to complete the sale of 1,535 private lots developed in the subdivision. An additional 65 lots--designated as common properties--were not offered to prospective buyers (table 1).

According to Mercer County public records, the developer paid 16 landowners approximately $500,000 for the site. Twenty-one months later, the subdivision was owned by approximately 1,300 new owners who paid nearly $4 million for the homesites and associated privileges.

By the spring of 1967, a few lot owners had completed new homes and several more were planned. At least 250 foundations were estimated to be laid by the fall of 1970, costing about $4 million when completed. A calendar of these and other significant events occurring during the beginning years of the new community is shown in figure 2.

Conceptual Framework

Two basic types of activities that generate economic impacts were identified for this study--development and use activities. Acquisition, design, and construction are examples of development activities. All other pursuits that people normally engage in when they use vacation properties were classified

LOCATION OF LAKE LATONKA, PA., PENN SOIL RC&D AREA

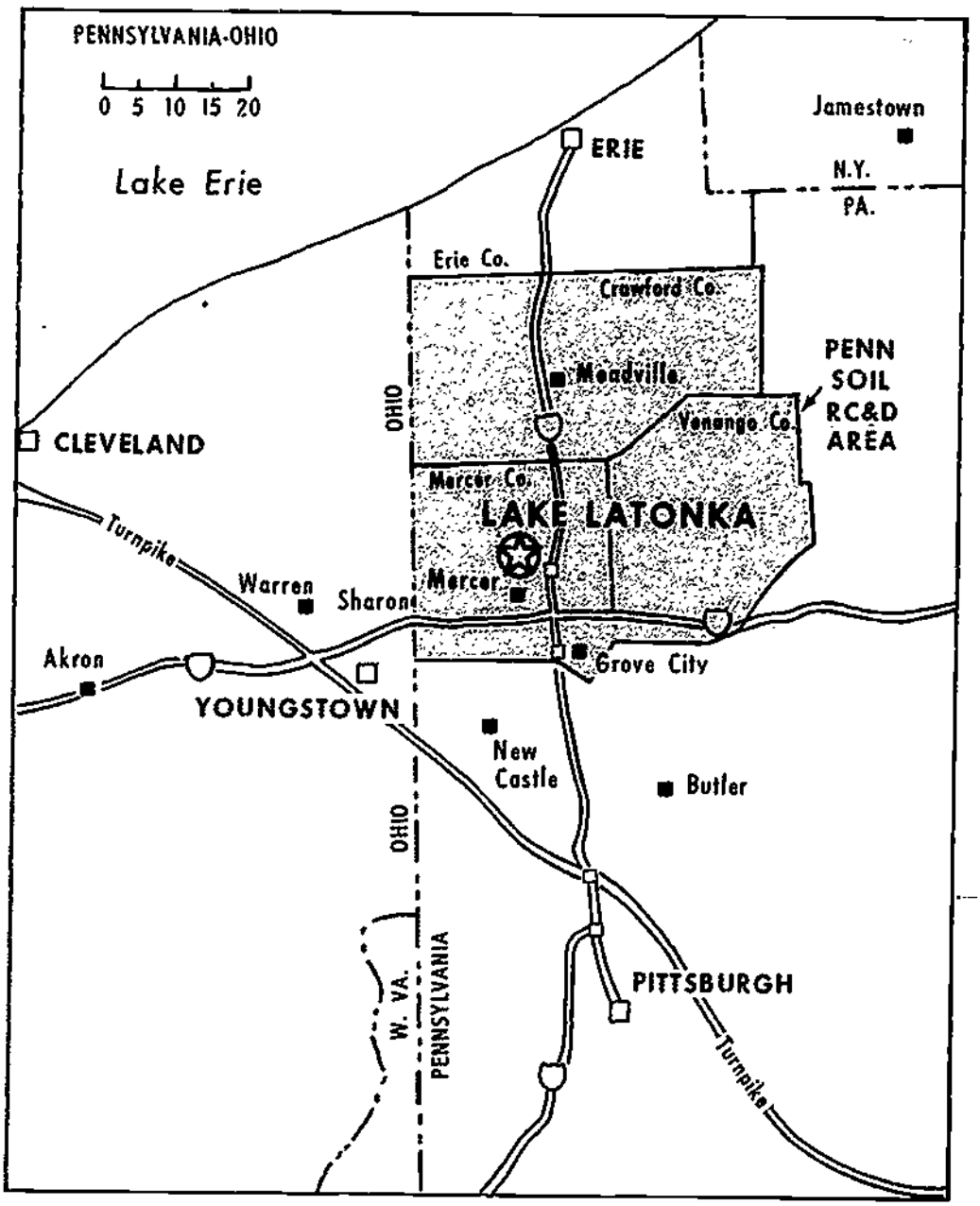

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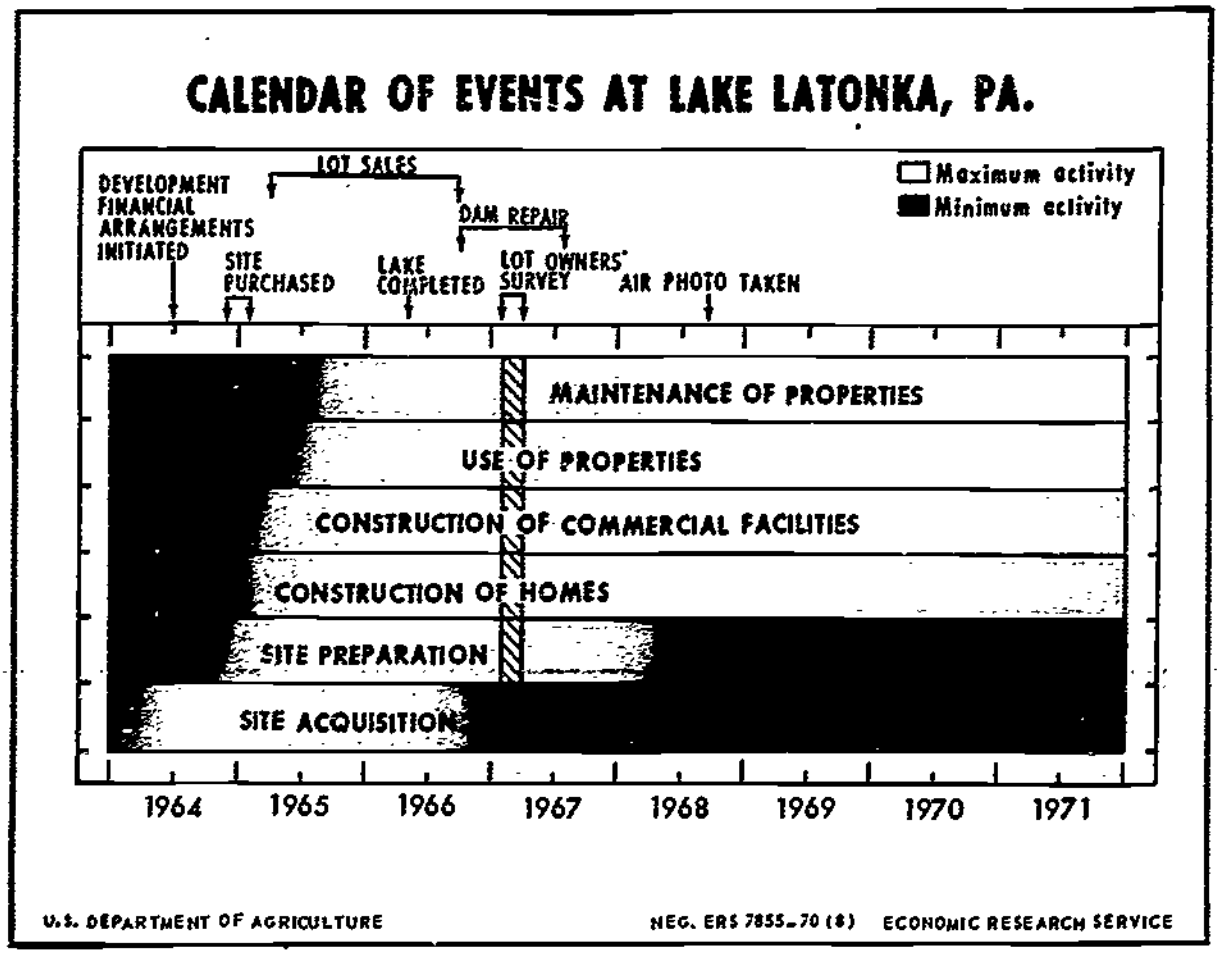
Figure 1


CALENDAR OF EVENTS AT LAKE LATONKA, PA.
LOT SALES
DEVELOPMENT FINANCIAL ARRANGEMENTS INITIATED
DAM REPAIR
SITE PURCHASED
LAKE COMPLETED
LOT OWNERS' SURVEY
AIR PHOTO TAKEN
Maximum activity
Minimum activity
MAINTENANCE OF PROPERTIES
USE OF PROPERTIES
CONSTRUCTION OF COMMERCIAL FACILITIES
CONSTRUCTION OF HOMES
SITE PREPARATION
SITE ACQUISITION
1964
1965
1966
1967
1968
1969
1970
1971
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NEG. ERS 7855-70 (8)
ECONOMIC RESEARCH SERVICE

Figure 2

as use activities. The relationships between various activities and impacts are shown in figures 3 and 4.

The impacts were measured by estimating changes in real property values and local tax bases; levels of income, employment, and sales; and the supply of and demand for public services. The impacts themselves, however, accrued to different sectors of the national, State, and local economies, but all were generated--directly or indirectly--by the expenditures of people who participated in the various activities.

Table 1.--Lots, owners, and properties, Lake Latonka, Pa., by type of property, February 1, 1967

Type of property	Lots		Owners		Properties	
	Number	Percent	Number	Percent	Number	Percent
Single-lot, single-owner	844	55	844	66	844	73
Multi-lot, single-owner 1/	533	35	203	16	203	18
Single-lot, multi-owner	78	5	178	14	78	7
Multi-lot, multi-owner	69	5	58	4	27	2
Total 2/	1,524	100	1,283	100	1,152	100

1/ Includes three lots owned by the Latonka Marine Club.
2/ The Lake Latonka subdivision contains 1,600 lots, but on February 1, 1967, the ownership of 11 lots could not be determined, and 65 lots had been retained as community properties.

Source: Lake Latonka Lot Owners' Survey, 1967.

Research Methodology

The economic analysis was based on the results of a lot owner survey and on data from public records and other sources. Economic impacts were estimated by applying appropriate income multipliers to reported use and development expenditures.

Questionnaire Survey and Other Data Sources. The results of a mail questionnaire, sponsored by the RC&D Executive Committee of the Penn Soil RC&D project and sent to all Lake Latonka owners, provided the principal source of information concerning lot owners' development and use activities. The first mailing was postmarked February 1, 1967. One followup was made on February 15.

IMPACTS GENERATED BY DEVELOPMENT ACTIVITIES AT LAKE LATONKA, PA., 1965-70

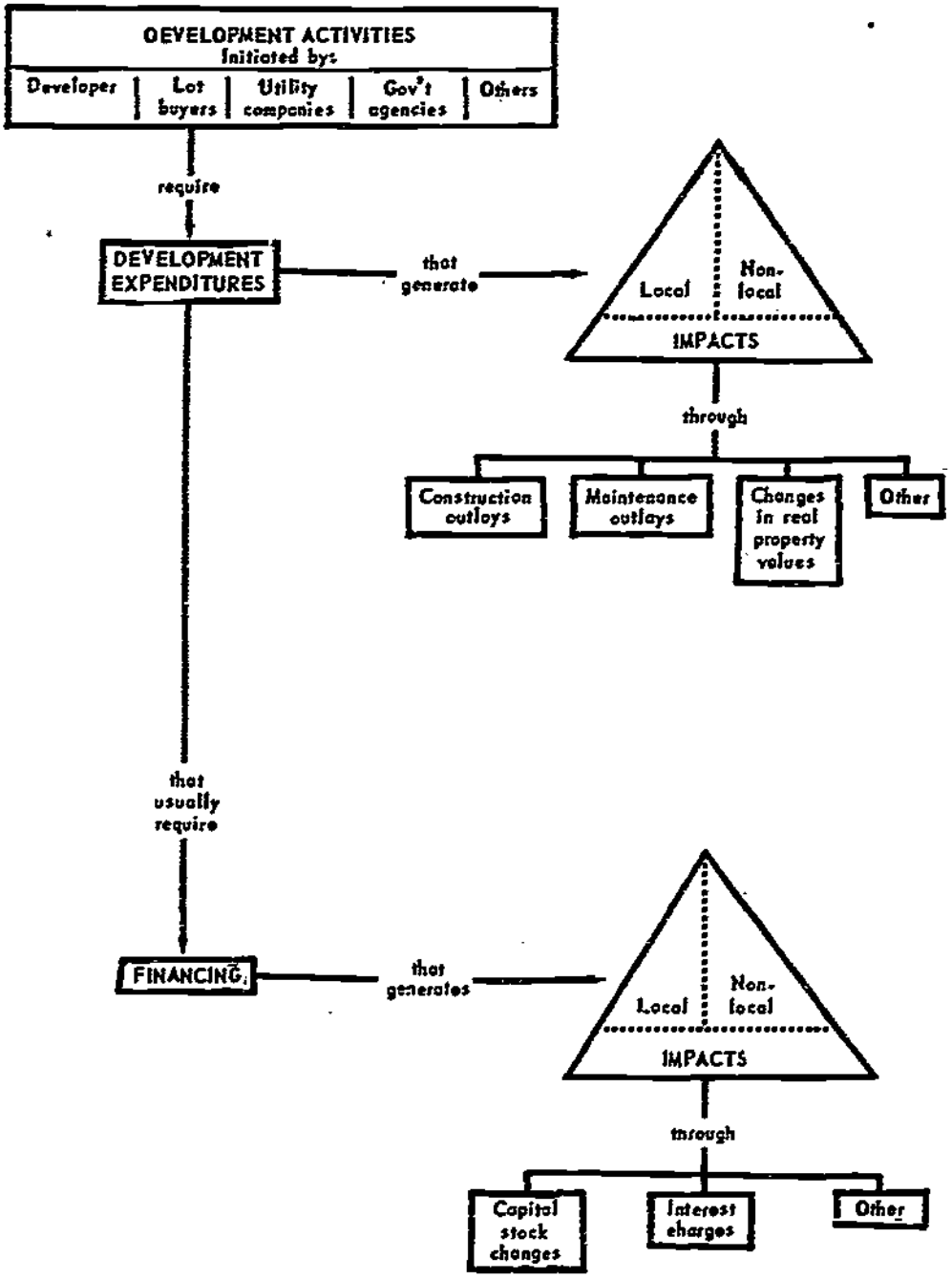

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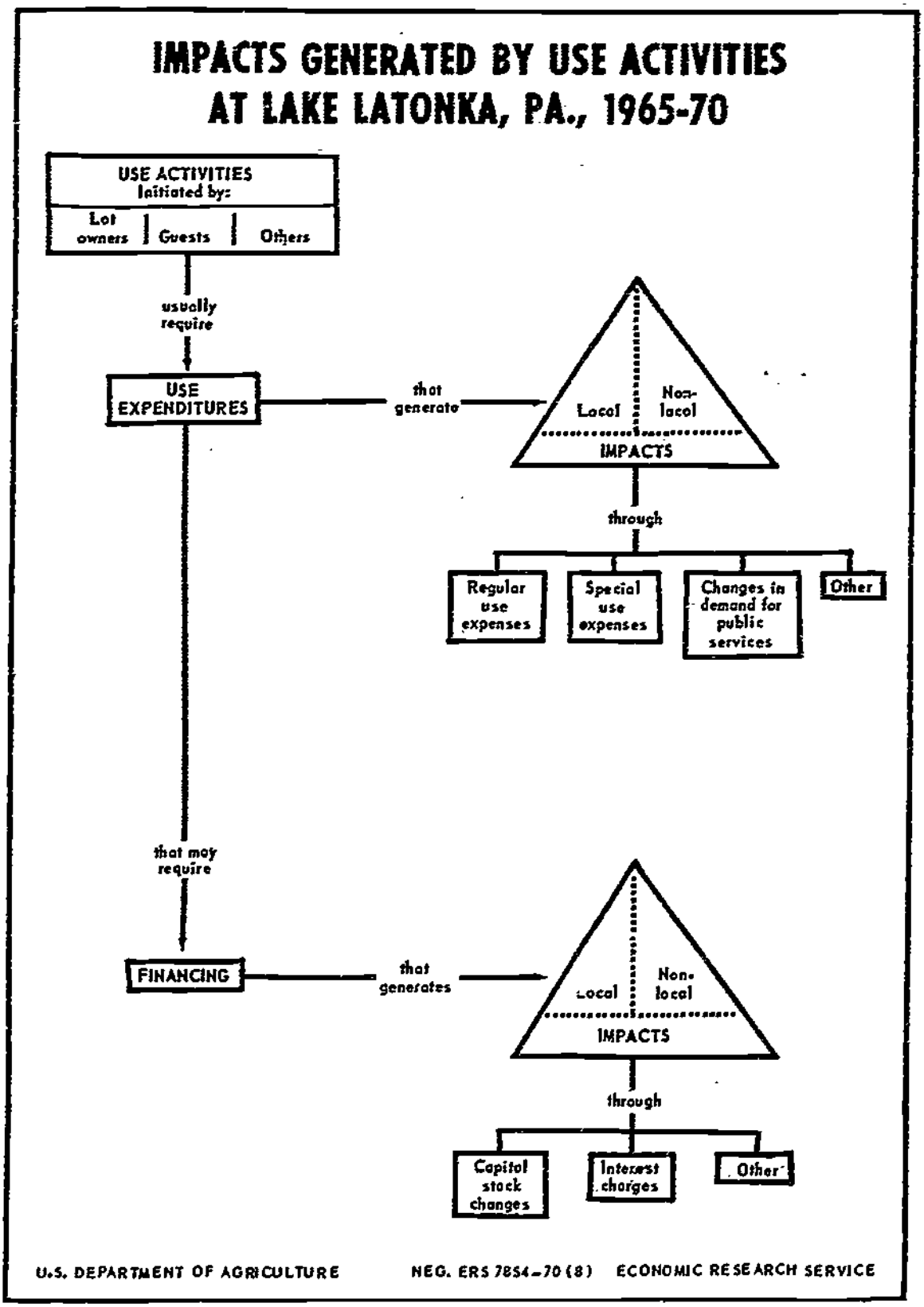
Figure 3


IMPACTS GENERATED BY USE ACTIVITIES AT LAKE LATONKA, PA., 1965-70
USE ACTIVITIES Initiated by:
Lot owners
Guests
Others
usually require
USE EXPENDITURES
that generate
Local
Non-local
IMPACTS
through
Regular use expenses
Special use expenses
Changes in demand for public services
Other
that may require
FINANCING
that generates
Local
Non-local
IMPACTS
through
Capital stock changes
Interest charges
Other
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NEG. ERS 7854-70 (8)
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Figure 4

Out of a maximum possible total of 1,300 questionnaires, 754 were returned and 717 were usable. A 60-percent response for lots, owners, and properties was obtained (tables 2, A1, A2, and A3), providing information on 912 of 1,524 lots, 774 of 1,283 owners, and 689 of 1,152 properties comprising the community on February 1, 1967.

These responses, as well as matching data obtained from public records, were used to estimate respondents' development and use expenditures. Estimates for the total community were derived by proportional expansion of the respondent sample. Estimates of development and use expenditures were constructed from data extracted from public records and other studies, information volunteered by local leaders and businessmen, and special estimates prepared by the Soil Conservation Service (SCS), Rural Electrification Administration (REA), Economic Research Service (ERS)--all of the U.S. Department of Agriculture--and other advisors to the Penn Soil RC&D Executive Committee.

Table 2.--Respondent lots, owners, and properties, Lake Latonka, Pa., by type of property, February 1, 1967

Type of property	Lots		Owners 1/		Properties	
	Number	Percent	Number	Percent	Number	Percent
Single-lot, single-owner	506	56	506	65	506	73
Multi-lot, single-owner	322	35	120	16	120	18
Single-lot, multi-owner	50	5	119	15	50	7
Multi-lot, multi-owner	34	4	29	4	13	2
Total	912	100	774	100	689	100

1/ Not all owners of multi-owner respondent properties returned questionnaires. However, by definition, if one owner of a multi-owner property returned a completed questionnaire, the property was classified as a respondent property. Therefore, since 68 of the 119 owners of single-lot, multi-owner respondent properties and 23 of the 29 owners of multi-lot, multi-owner respondent properties returned completed questionnaires, the total number of usable questionnaires returned was 717. The responses on the 717 questionnaires provided information on 912 lots, 774 owners, and 689 properties out of the identified population of 1,524 lots, 1,283 owners, and 1,152 properties.

Source: Lake Latonka Lot Owners' Survey, 1967.

Impact Analysis. The impacts (discussed in detail in later sections) were constructed in the following manner. Dollar estimates of development expenditures, development financing arrangements, and use expenditures were constructed first. Then an income multiplier of 1.0 to 2.0 was applied to these numbers. Values of local impacts were similarly estimated, based on the proportion of total expenditures made in the local area.

The multiplier concept, in its simplest form, is a convenient way of summarizing economic impacts generated by a set of expenditures. When an outsider comes into an area and spends $1, the minimum income effect is usually $1, even if the recipient entrepreneur subsequently spends every dollar he receives outside the defined local area. However, if 25 percent of each dollar earned by the first entrepreneur is subsequently used to make a purchase from a second local entrepreneur, then the gross income effect for the area is not $1, but $1.25. Thus, the multiplier for the later situation is 1.25 and no more, unless there are some additional secondary or tertiary purchases in the defined area before a purchase is made outside the area.

No attempt was made to measure, directly, the gross income multipliers associated with the Lake Latonka development. Recent works in this field (3) (4) (5) (6) (9) suggest that multipliers in the range of 1.0 to 2.0 are reasonable for the types of expenditures examined in this study. Robert R. Nathan Associates, in studying the recreation industry, concluded that the local income multipliers for all recreation industries for the Penn Soil RC&D counties are: Crawford, 2.20; Mercer, 1.87; and Venango, 2.10 (6). They also state that:

> "Vacation homes present a special aspect of recreation. The benefits flowing from vacation home development have a more widespread effect than the benefits from commercial recreation enterprises. . . . Unlike other vacationers, who merely visit the area briefly, the vacation home owner becomes a part of the community, and participates in its business and political life." (6, p. 54)

Based on observations and discussions with local businessmen in the Mercer Area, the gross income multipliers for the Lake Latonka development were estimated to be at least equal to 1.0 and in some instances 2.0 or more. The effective income multipliers for this study, therefore, were assumed to have a value of 1.0 to 2.0.

Since nearly all the lot buyers lived within 100 miles of the development and many of the development and use expenditures were made in the three-county RC&D area, the local portions of the gross economic impacts were assumed to be proportional to the relative magnitudes of the total expenditures made in the RC&D area. The data for this study revealed that approximately half the gross income effects generated by the development and use of the Lake Latonka community would accrue to the RC&D area economy.

Other measures of the economic impacts, e.g., changes in net income, gross employment, and net employment, are not systematically included in this report.

Community Services

During the early years of the development, Lake Latonka had all the characteristics of a second-homesite community with limited service facilities. A central water system was available at each lot but not central sewerage. Local utility companies installed gas, electric, and telephone services, and the development company provided roads and recreation areas. Except for a restaurant, all other commercial services and facilities must be obtained outside the new community.

Land Use

Homesites, streets, undeveloped lots, and the lake comprise the principal land uses in the 1,275-acre development. According to plat maps in the Mercer County courthouse, only 790 acres were actually subdivided. Another 90 acres, initially reserved for future development, were sold to a businessman, who proposed building a golf course and an airport. The remaining area consists of lake surface (270 acres) and streets (125 acres).

Of the 790 acres subdivided, 680 acres (1,535 lots) were sold for homesites. The other 110 acres (65 lots) were retained as community properties for lake access, beach, and recreation areas. Seventeen miles of streets provide access to every lot. The main street around the lake is paved and has a 70-foot right-of-way. All other roads in the development are graveled. Most side streets have 50-foot rights-of-way. The lake is 2 miles long and 30 feet deep at the dam. The 5 miles of shoreline are equipped with beach and dock facilities. The water tank and wells are on community-owned lots.

Patterns of Ownership

Four distinct patterns of ownership were defined for this study (table 1). A lot was considered to be owned even if the buyer borrowed part of the purchase price. Mortgagors or moneylenders were not counted as owners. A property, as defined in this study, is any group of one or more lots owned by any group of one or more buyers.

As of February 1, 1967, the public records showed that 1,283 owners had purchased 1,524 lots and combined them into 1,152 properties (table 1). 3/ More than half the buyers bought only one lot. One owner bought 11 lots and another, 10. At the other extreme, nine people were listed as the owners of one lot.

According to the public records, 90 percent of the lots had been purchased by an individual, a family, or a corporation. Most lots and properties were

3/ On February 1, 1967, the populations of lots, owners, and properties in the Lake Latonka community consisted of: 1,535 privately owned lots, plus 65 community owned lots, and a lake; 1,163 privately owned properties; and 1,294 individual owners. These estimates are based on the assumption that the unidentified owners of 11 lots were single-owners.

controlled by a "single-owner," which seemed to simplify decisionmaking on home building and related development plans. Multiple ownership in this development was not as significant as initially hypothesized.

Home Building Plans

Many property owners expressed a high degree of uncertainty regarding their building plans. Before the lot owners' survey was taken, USDA personnel hypothesized that the October 1966 dam break would materially alter owners' building plans. However, an in-depth analysis of respondents' answers proved this hypothesis false. Only a few owners indicated that the dam break had changed their building plans, but many stated that the dam break would change their plans if it were not promptly repaired. Since every effort was made to restore the dam as quickly as possible, few owners had any reason to change their building plans after the survey was completed.

The uncertainty, therefore, was attributed to other factors. Owners' responses in the survey to questions on use of the lot and plans for building suggested that most owners had vague ideas about building when they bought their lots. The answers to these questions revealed that only a few knew at the time of the survey precisely when they would begin building (tables 3 and 4). Furthermore, the observed scheduling of home starts during the first months of the development suggested that few owners actually had plans to begin building during the winter and spring of 1967 while the dam was being repaired. Hence, few owners with definite building plans changed them because of the dam break.

Owners of approximately one-third of the 423 undecided properties responded to the remaining building plan questions even though they were undecided about their building schedule (table 4). This subgroup of 148 property owners comprised the individuals among the undecideds who were considered to be the ones most likely to build because they volunteered some definite building plans despite their indecision on timing. Thus, the subgroup of 289 respondent owners (table 5) and their 275 properties (table 6) will be referred to throughout the remainder of this report as the group most likely to build by 1970.

The survey revealed that respondent owners would begin building 120 to 240 homes by the end of 1970. Since the respondents represent 60 percent of the total owner population in the Lake Latonka community, construction might begin on 200 to 400 homes before the end of 1970. For the impact analysis presented in this report, a total of 250 home starts by the end of 1970 was selected as the most reasonable estimate. The suggested midpoint of the range--300 home starts--appeared to be somewhat overoptimistic because of the incomplete plans of some respondents at the time of the survey. Therefore, the estimated number of starts was reduced to 250.

Initially, it was hoped that a count of building permits or a count of entries for new homes on local assessment rolls could later be used to verify the estimates derived from the 1967 data. Unfortunately, building permits were not required in these political jurisdictions and changes in assessing procedures occurred in the fall of 1967. Thus, the proposed verification of the timing of new home starts could not be made.

Table 3.--Distribution of 689 respondent properties, Lake Latonka, Pa., by type of property and by owner's primary reason for purchasing a property, February 1, 1967 1/

Primary reason for purchasing a property	Single-lot, single-owner	Multi-lot, single-owner	Single-lot, multi-owner	Multi-lot, multi-owner	All types of properties	
	Number of properties				Number	Percent
Permanent homesite	69	17	3	0	89	13
Vacation homesite	216	63	21	8	308	45
Retirement homesite	8	0	0	0	8	1
Recreation facilities	109	16	18	1	144	21
An investment	87	20	7	4	118	17
Other reasons	2	1	0	0	3	--
Don't know	11	2	0	0	13	2
No response	4	1	1	0	6	1
Total	506	120	50	13	689	100

1/ If two or more reasons were given, the reason representing the "highest economic use" was tabulated as the primary reason. The highest economic use (permanent homesite) is listed first and the lowest (no response) last.

Source: Lake Latonka Lot Owners' Survey, 1967.

Table 4.--Distribution of 689 respondent properties, Lake Latonka, Pa., by type of property and by year owners planned to build, February 1, 1967

Year owners plan to build	Single-lot, single-owner	Multi-lot, single-owner	Single-lot, multi-owner	Multi-lot, multi-owner	All types of properties	
	Number of properties				Number	Percent
Built or building on Feb. 1, 1967	35	12	0	1	48	7
By 1970	63	20	3	2	88	13
By 1975	8	1	0	0	9	1
After 1975	1	0	0	0	1	--
Undecided	314	65	35	9	423	61
Don't plan to	71	14	11	0	96	14
No response	14	8	1	1	24	4
Total	506	120	50	13	689	100

Source: Lake Latonka Lot Owners' Survey, 1967.

Table 5.--Distribution of the 289 respondent owners at Lake Latonka, Pa., who are most likely to build by 1970, by type of property and by year they planned to build, February 1, 1967 1/

Year owners plan to build	Single-lot, single-owner	Multi-lot, single-owner	Single-lot, multi-owner	Multi-lot, multi-owner	All types of properties
	Number of respondent owners				
Built or building on Feb. 1, 1967	35	12	0	1	48
By 1970	63	20	6	4	93
Probably by 1970 2/	98	23	19	8	148
Total	196	55	25	13	289

1/ On February 1, 1967, 428 respondents indicated they had no plans to build, 289 indicated they either were building or planned to build before 1970, and only nine indicated they did not plan to build until after 1970.

2/ These are the respondents who answered they were undecided as to when they would begin building, but qualified their statements by answering some or all of the questions concerning their building and use plans.

Source: Lake Latonka Lot Owners' Survey, 1967.

Table 6.--Distribution of 275 respondent properties, Lake Latonka, Pa., whose owners are most likely to build by 1970, by type of property and by year owners planned to build, February 1, 1967 1/

Year owners plan to build	Single-lot, single-owner	Multi-lot, single-owner	Single-lot, multi-owner	Multi-lot, multi-owner	All types of properties
	Number of respondent properties				
Built or building on Feb. 1, 1967	35	12	0	1	48
By 1970	63	20	3	2	88
Probably by 1970 2/	98	23	14	4	139
Total	196	55	17	7	275

1/ The remaining 414 respondent properties were owned by persons who had no plans to build before 1970, and nine of these indicated they definitely planned to build after 1970.

2/ These properties belong to the 148 respondents who indicated they had building plans even though they did not know, as of February 1, 1967, precisely when they would begin building.

Source: Lake Latonka Lot Owners' Survey, 1967.

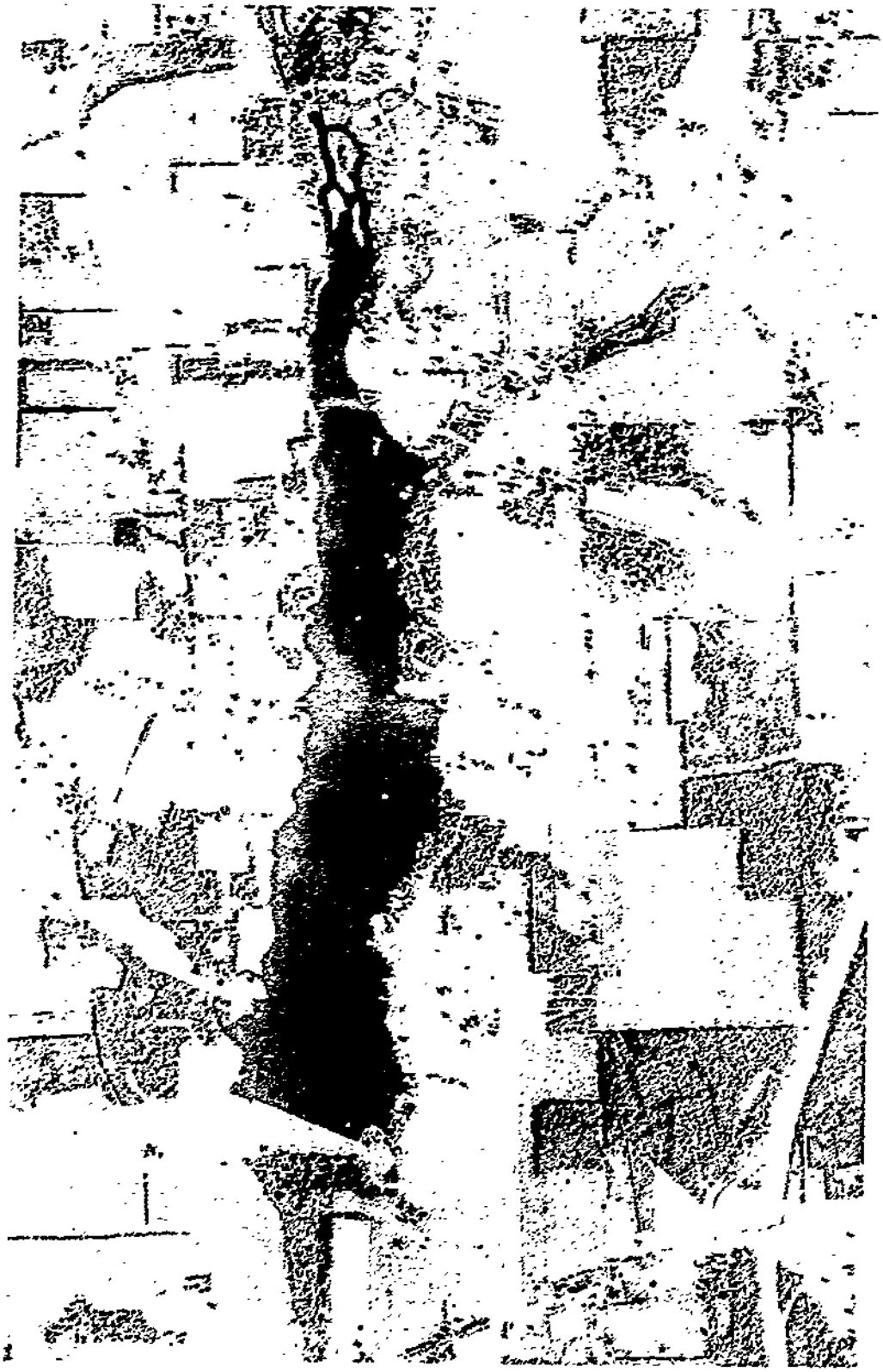


Figure 5.--Aerial photograph of Lake Latonka, Pa., September 8, 1968

Another check, however, became available early in 1969. New aerial photographs, taken for the Agricultural Stabilization and Conservation Service (ASCS), USDA, on September 8, 1968, showed that 142 homes or foundations were clearly distinguishable at Lake Latonka (figure 5). From the random pattern of development observed in the community, a few homes could be hidden in the trees. Therefore, it seemed very likely that 250 homes would be started or completed by the fall of 1970.

At the time of the survey, owners of only 136 respondent properties reported that they had built, were building, or would definitely build a home on their Lake Latonka property by 1970. They also reported that they planned to build only one home per property, even though some had purchased more than one lot. These owners indicated that a contractor would be hired to help with the construction of 60 to 80 percent of the homes (table 7). However, only 36 of these 136 property owners reported that they had actually hired a contractor.

Table 7.--Distribution of 136 respondent homes planned for construction at Lake Latonka, Pa., by 1970, by whether a contractor had been hired on February 1, 1967 1/

Respondents' answers to questions on contractor hiring 2/	Homes built or being built on February 1, 1967	Homes to be started by 1970	Homes in both groups
	Number		
Yes, had hired a contractor	27	9	36
No, but planned to hire one	1	35	36
No, owner is a contractor	4	0	4
No, do not plan to hire one	2	10	12
No, undecided or blank	2	23	25
No response	12	11	23
Total	48	88	136

1/ Includes only properties of respondents who indicated in February or March of 1967 that they had built, were building, or would begin building a home by 1970. Homes planned by respondents who were undecided about their building plans are not included.

2/ Property owners who planned to build were asked on February 1, 1967, if they had hired a builder or general contractor. If they answered "no," they were asked to indicate whether they planned to hire one when they built.

Source: Lake Latonka Lot Owners' Survey, 1967.

About half the hired contractors had business offices in the RC&D area. Only two of the others were located as far away as Pittsburgh. These findings suggest that the construction of 150 to 200 of the first 250 Lake Latonka homes will be contracted, but only 75 to 100 will be built by local contractors.

The 136 respondent owners with definite plans to build by 1970 also indicated that 28 percent bought their lots for permanent homesites, 64 percent for vacation homesites, and 8 percent for other reasons. However, since most respondents indicated they planned to seal the interior of their homes within 1 year after completing the exterior, most of the vacation homes could easily be used for permanent residences, with few alterations.

DEVELOPMENT ACTIVITIES AND IMPACTS

Development activities initiated during the early years of the community were shared by the development company, lot buyers, utility companies, government agencies, and local businessmen. Eventually, however, lot buyers will probably bear most of the development costs. The following paragraphs discuss development costs and financing arrangements and provide an analysis of the gross economic impacts generated by development activities initiated during the first 5 years of the Lake Latonka community. Changes in the levels of economic activity in the local area and in real property values at Lake Latonka are the principal impacts examined.

Site Acquisition and Development Costs

The initial costs of the Lake Latonka community were borne primarily by the development company and utility companies. After the first lots were sold, the new owners began to share the development costs in two ways: (1) they accepted transfers of the developer's costs; and (2) they agreed to pay almost all future costs of lot and subdivision improvements, including the new homes.

The data collected for this study suggest that all development activities initiated through the end of FY 1970 will cost approximately $7 million (table 8). Penn Soil RC&D technical advisers estimate that the developer will spend $3 million 4/ during the period for site development and promotional expenses (table A4). Lot buyers, utility companies, and others will share the remaining development costs.

Firm cost estimates for the developer's activities were available for site acquisition, salesmen's commissions, and lake construction. Mercer County records show that the development company paid $435,000 for the 1,275-acre site. Judging from the information available, the developer probably spent at least $500,000 on all site selection and acquisition activities. Local salesmen reported they received 10 percent commission on all lot sales--costing the developer about $400,000. Local SCS engineers estimated that a dam of the size and type built at Lake Latonka would cost between $250,000 and $500,000.

4/ Firm estimates were available for only some of the developer's costs, but it seems highly probable that the total of these costs will be considerably less than the nearly $4 million received from the sale of the new subdivision. Hence, the overall estimate of $3 million is considered reasonable.

Table 8.--Estimated private and public development costs, Lake Latonka, Pa., fiscal years 1965-70

Development costs paid by	1965	1966	1967	1968	1969	1970	Total through 1970
	1,000 dollars						
Developer 1/	1,350	950	630	60	10	0	3,000
Lot buyers 2/	0	750	1,000	650	350	250	3,000
Utility companies 3/	150	385	75	75	75	75	835
Commercial interests 4/	0	100	0	0	0	0	100
Government agencies 5/	20	15	10	10	5	5	65
Total 6/	1,520	2,200	1,715	795	440	330	7,000

1/ See table A4 for estimated costs of the developer. These costs include, among others, the price of the land and the cost of the water system.

2/ The estimate of $3 million is based on the assumption that 250 homes, costing an average of $12,000 each, will be built by 1970. Lot owners provide their own on-site sewerage systems.

3/ Estimates include allowances for telephone, electric, and gas service installations and modifications.

4/ Restaurant and beach concessions are the only commercial interests included in these estimates.

5/ Government costs are minimal in the development. Roads, water, and most of the other services normally provided by government agencies in new subdivisions were provided either by the developer or the lot owners, or they were not included in this community.

6/ The total includes only the items listed. It represents an estimate of what it costs to buy the site, subdivide it, build a lake, sell the lots, build 250 homes, and provide a few services. Some of the items specifically excluded from these totals are: purchases of personal property such as boats and furniture, annual home maintenance costs, difference between the developer's cost and the price paid for the lots, and estimates of all variable use costs.

Source: Public records and USDA estimates.

The developer may have constructed it for $250,000 or less initially, but in the end it probably cost about $400,000 since the dam broke in the fall of 1966 and was repaired by the development company in 1967. The dam, lake, and beach facilities, therefore, cost an estimated $500,000.

The remaining costs incurred by the developer totaled an estimated $1.6 million, including an allowance of $150,000 for design, layout, and subdivision; $600,000 for roads, recreation areas, and a water system; $400,000 for advertising and promotion; and $400,000 for overhead and management. These estimates were developed by a consensus of RC&D technical advisors who observed the operations of the developer.

As outlined in table A4, the development company's expenses were estimated at $3 million. This figure does not include the cost of the development activities performed by utility companies, local governments, lot buyers, and others.

Local utility companies designed and installed the new electric, gas, and telephone distribution systems. The telephone and electric companies also had to install larger trunk lines for the Lake Latonka subdivision. In addition to providing new services, old services had to be removed by the utility companies, and portions of two underground gas transmission lines had to be weighted where they passed under the new lake. Informed individuals in USDA and Mercer County, Pa., estimated that these development activities probably cost the utility companies $835,000 (table A5). Part of these costs reportedly were paid by the developer, but the amounts were not determined.

Local officials reported that the developer invited other commercial interests to develop and manage the beach, restaurant, and recreation concessions outlined in the subdivision plan. These facilities might have cost another $100,000.

Local government expenses were small compared with those of the developer and utility companies. Nevertheless, all government agencies probably spent some $65,000 for administrative services and other miscellaneous items through FY 1970 (table A5). Local government costs, however, apparently will be nominal so long as Lake Latonka continues to be a recreation community. If the new community should become a residential community, demands on local governments could increase substantially, but this change was not anticipated during the early life of the development.

Lot Sales and Financing

Sales data were available in the Mercer County courthouse for 1,518 of the 1,524 lots that had been sold to the public and whose ownership could be established on February 1, 1967 (table 9). According to these records, the developer received an average of $2,540 per lot. Most lots were priced from $1,000 to $7,000, but one sold for nearly $10,000.

Inasmuch as several buyers bought more than one lot and some lots were bought by two or more buyers, it seemed more appropriate to study the financing of the properties rather than of the lots. Based on data in the county records, an average of $3,360 was paid for each of the 1,152 properties examined in this study. This amount did not differ significantly from the average cost of the

689 respondent properties--$3,375. Each buyer, on the other hand, invested about $3,000 in Lake Latonka homesites.

Lot buyers had the option of paying cash within 30 days of purchase, or paying part down and financing the rest. Those buyers preferring to finance part of the purchase price could use the line of credit offered by the developer or secure their own funds, but most buyers had the developer place their loans with one of two local banks. These banks reportedly charged "6 percent add-on interest" with monthly repayments covering 4 to 6 years, depending on the amount borrowed.

Table 9.--Homesite sales and assessed valuations for 1,518 lots at Lake Latonka, Pa., by date of sale, February 1, 1967

Year and month	Lots sold		Selling price		Assessed valuation 1/	
	Number	Cumulative percent	1,000 dollars	Cumulative percent	1,000 dollars	Cumulative percent
1965						
March	2	0.1	12	0.3	3	0.3
April	12	0.9	41	1.4	11	1.4
May	40	3.5	187	6.2	49	6.3
June	101	10.2	323	14.6	83	14.7
July	157	20.5	476	27.0	122	27.0
August	238	36.2	590	42.3	150	42.2
September	169	47.3	318	50.6	81	50.4
October	81	52.6	194	55.6	50	55.5
November	70	57.2	158	59.7	40	59.6
December	11	57.9	32	60.5	8	60.4
1966						
January	18	59.1	27	61.2	7	61.1
February	4	59.4	13	61.5	3	61.4
March	23	60.9	51	62.8	13	62.7
April	58	64.7	150	66.7	39	66.6
May	86	70.4	189	71.6	49	71.5
June	114	77.9	250	78.1	63	77.9
July	124	86.1	327	86.6	84	86.4
August	98	92.6	277	93.8	72	93.7
September	91	98.6	193	98.8	49	98.6
October	12	99.4	23	99.4	6	99.2
November	2	99.5	7	99.6	2	99.4
December	1	99.6	7	99.8	2	99.6
Date unknown	6	100.0	9	100.0	4	100.0
Total	1,518	--	3,854	--	990	--

1/ The assessed valuation was recorded for only 1,518 of the 1,524 lots sold to the public and whose ownership could be established as of February 1, 1967.

Source: Mercer County records, 1967.

Lot financing data were available for 569 of the 689 respondent properties. Forty percent of these buyers paid cash and 60 percent financed at least part of the purchase price. Nearly 58 percent of the total purchase price, however, was paid at the time of purchase and 42 percent was financed (table 10). These survey answers were assumed to be representative of the financial arrangements used by all lot buyers.

The development company used lot sales and local sources of credit to finance most of its development activities, by selling lots before completing the development and by placing lot loans with local lending institutions. A source of credit in New England was also available for lot buyers who appeared to have marginal credit ratings. It was not surprising, therefore, to find 44 percent of all lot funds and 77 percent of all borrowed funds for lots coming from sources within the RC&D area, while only 20 percent of the cash payments for lots were made by buyers with residence in the RC&D area (table A6). These data show that even though the majority of the lot buyers lived outside the RC&D area, many of them borrowed money from lenders within the area.

The timing of the developer's activities indicates that the company programed its expenditures to ensure that only a minimum amount of its working capital would be invested at any one time. The site was acquired early in 1965 and lot sales began 3 months later, even though the lake was not completed for another year. Furthermore, some of the other facilities installed by the developer were not completed until after the last lots were sold in the fall of 1966. By the end of the first year (December 1965), the developer had received between $2 and $2.5 million from lot sales. The company may have had some $1 million of working capital invested about the sixth month after the site was purchased, but no more than that at any one time. By the end of the first year, the company probably had recovered all its initial investment plus enough to complete the company's remaining site development activities.

Home Construction and Financing

The lot owners' survey indicated that lot buyers would begin building 250 homes before the end of 1970 and that these homes would cost about $3 million when completed ($12,000 average). Thus, lot owners in the spring of 1967 were planning to add at least $3 million of new construction to the $4 million they had already spent on lots.

Many of the lot owners who planned to build indicated that they would hire contractors and would borrow money to pay some of the construction costs. The financing and subcontracting arrangements used by the contractors, however, were not investigated in this study. As mentioned earlier, not all property owners had plans to build.

Home construction cost estimates were calculated from answers given by the owners of 114 respondent properties who answered both the "year build" and the "home value" items on the questionnaire (table 11). Owners of another 22 properties indicated that they definitely planned to build by 1970, but they did not answer the value question.

The home value question gave respondents a choice of several value categories. The least-value category in the questionnaire was listed as "under

Table 10.--Source of funds used to finance the purchase of 569 respondent properties, Lake Latonka, Pa., 1965-66 1/

Source	Savings		Borrowed 2/		Total	
	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars	Percent
Within RC&D area	229	20.1	641	77.1	870	44.1
Mercer County	196	17.3	634	76.2	830	42.1
Mercer	(120)	(10.6)	(494)	(59.4)	(614)	(31.2)
Grove City	(15)	(1.3)	(123)	(14.8)	(138)	(7.0)
Rest of Mercer County	(61)	(5.4)	(17)	(2.0)	(78)	(3.9)
Crawford County	22	1.9	--	--	22	1.1
Venango County	11	0.9	7	0.9	18	0.9
Outside RC&D area	910	79.9	191	22.9	1,101	55.9
Pittsburgh, Pa.	281	24.7	23	2.8	304	15.5
Springfield, Mass. 3/	--	--	103	12.4	103	5.2
Other	629	55.2	65	7.7	694	35.2
Total	1,139	100.0	832	100.0	1,971	100.0
Percentage of total	57.8	--	42.2	--	100.0	--

1/ Adjusted. Financing arrangements were determined for only 569 of the 689 respondent properties.
2/ These values have been adjusted by distributing proportionately over the known sources the $54,025 that was financed but for which source city was not reported.
3/ The developer, Lake Latonka Inc., used a Springfield, Mass., bank to finance buyers with small down payments.

Source: Lake Latonka Lot Owners' Survey, 1967, and Mercer County records.

$10,000," but it is doubtful that any home could be built for less than $5,000 considering the deed restrictions agreed to by the homesite buyers. Therefore, the "under $10,000" category was assumed to range from $5,000 to $10,000, with a mean value of $7,500. Based on weighted mean values for the 114 homes, the average construction cost per home was computed at nearly $12,000 ($11,974).

By October 1968, the estimated mean value of 114 respondent homes could be compared with the mean value of the first 103 homes completed at Lake Latonka and recorded on the assessment rolls in the Mercer County courthouse. Only two of the completed homes had been valued by the assessors at less than $5,000 ($4,500) full market value. The recorded full market value of the 103 homes averaged slightly less than $13,000. Since the market value of a new dwelling, excluding lot value, is usually slightly higher than the cost of construction, the $12,000 construction estimate appeared reasonable.

Table 11.--Estimated cost of 136 Lake Latonka, Pa., homes planned by respondents who, on February 1, 1967, were building or were planning to build by 1970

Cost of planned homes 1/	Homes built or being built on Feb. 1, 1967	Homes to be started by 1970	Total of both groups	
			Homes	Cost
	Number	Number	Number	1,000 dollars
Under $5,000	0	0	0	0
$5,000 - $10,000 ($7,500)	8	24	32	240
$10,000 - $15,000 ($12,500)	21	44	65	812
$15,000 - $20,000 ($17,500)	9	5	14	245
$20,000 - $25,000 ($22,500)	2	1	3	68
Over $25,000	0	0	0	0
Subtotal	40	74	114	1,365
Undecided on cost	0	3	3	--
No response on cost	8	11	19	--
Total	48	88	136	--

1/ The median value of the categories checked by the respondents was assumed to be equal to the average value of the homes in that category.

Source: Lake Latonka Lot Owners' Survey, 1967.

The responses of 159 property owners were studied to determine how the Latonka homes would be financed. This group includes most of the 136 who answered the hired contractor questions, plus a few more who knew the value of the home they wanted to build and how they planned to finance the construction

costs. Actually, the owners of 203 of the 689 respondent properties knew the value of the home they planned to build on February 1, 1967, but the owners of only 159 indicated the proportion of the home construction costs they would borrow (table 12).

Based on the median value of the home value categories checked, property owners with residences in the RC&D area were sponsoring 14 percent of total planned home construction costs (table A7). Nonresident property owners were sponsoring the rest. This breakdown was expected, since most of the lots had been purchased by nonresidents.

The sources of funds borrowed to finance the second homes revealed one of the surprises of this study. It had been hypothesized that most property owners who planned to obtain home construction loans would borrow from lenders in communities where they permanently resided. However, only the buyers who lived in the RC&D area seemed inclined to do this. Why nonresidents borrowed in the RC&D area was not investigated. However, a local banker who reviewed this study indicated that lending institutions in northwestern Pennsylvania prefer to make construction loans in the area served by the institution, regardless of whether the borrower is or is not a resident.

The survey revealed that 52.4 percent of all borrowed home construction funds would be secured from lenders in the RC&D area (table 12), but only 13.9 percent of the home construction costs would be sponsored by local residents (table A7). These data suggest that nearly $1 million of local construction capital will be required to build the first 250 homes at Lake Latonka.

Impacts of Development Expenditures

Based on an estimated $7 million investment in site and home development activities by 1970, and assuming that the appropriate multiplier lies between 1.0 to 2.0 overall, $7 to $14 million of gross income could be generated by these activities. This does not mean that all of this impact will accrue to the local area or that this is the only economic impact to be generated by the development of Lake Latonka.

Development activities set the stage for other activities which can generate other impacts that would not otherwise occur. For example, transactions used to finance the development activities also generate economic impacts. These, too, may be measured by the gross income generated. The successful implementation and completion of any development activity make it possible for property owners and others to participate in new use and maintenance activities. These, in turn, will generate another set of annually reoccurring impacts. Use and maintenance activities may require special financing, and if they do, another set of impacts will be generated. This financing, however, was not analyzed in this study. Conceptually, even more impacts can be induced by development and use activities. For example, changes in real estate values in the adjoining communities and in school enrollments often affect local tax structures. These changes were partially considered in this study.

Table 12.--Probable source of construction funds for 159 homes, reported by respondents who planned to build by 1970, Lake Latonka, Pa., February 1, 1967 1/

Source city or area	Savings		Borrowed 2/		Total	
	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars	Percent
Within RC&D area	139	14.4	459	52.0	598	32.3
Mercer County	106	11.0	445	50.4	551	29.7
Mercer	(56)	(5.8)	(289)	(32.8)	(345)	(18.6)
Grove City	(2)	(0.2)	(17)	(1.9)	(19)	(1.0)
Rest of Mercer County	(48)	(5.0)	(139)	(15.7)	(187)	(10.1)
Crawford County	21	2.2	0	0	21	1.2
Venango County	12	1.2	14	1.6	26	1.4
Outside RC&D area	831	85.6	423	48.0	1,254	67.7
Pittsburgh, Pa.	218	22.4	241	27.3	459	24.7
Other	613	63.2	182	20.7	795	43.0
Total	970	100.0	882	100.0	1,852	100.0
Percentage of total	52.4	--	47.6	--	100.0	--

1/ Adjusted. The source of borrowed funds was not given by owners of 42 of the 159 respondent properties, although they knew what value home they planned to build and what proportion they would finance.

2/ These values have been adjusted by distributing proportionately over the known sources the $282,530 that was financed but for which the source city was not reported.

Source: Lake Latonka Lot Owners' Survey, 1967, and Mercer County records.

Although the gross income effects of the development expenditures alone were estimated at $7 to $14 million for the 1965-70 period, the corresponding local impacts were estimated at $2.5 to $4 million, or about one-third of the total. 5/ For example, the developer's costs were estimated at approximately $3 million, but only about 40 percent of this amount was used for site improvement. In other words, roughly $1.8 million was spent for land acquisition, management, and promotion, but only $1.2 million for development of the lake and subdivision. Therefore, except for the $0.5 million spent for land acquisition, the company probably primed the local economy with no more than $300,000, or roughly 25 percent of the estimated $1.2 million actually spent on site construction activities.

In contrast, 40 to 60 percent of all home construction costs--$1.2 to $1.8 million of the $3 million the lot buyers planned to spend on homes--would flow through the local economy. This assumes, of course, that 250 homes will be built, at an average cost of $12,000 per home, excluding the value of the lot.

Local units of government, utility companies, and other commercial interests probably will not spend more than 25 to 50 percent of their development investments in the RC&D area. Although these businesses and agencies will spend an estimated $1 million by 1970, they probably will not spend more than $250,000 to $500,000 in the local area before 1970.

All development activities at Lake Latonka, therefore, are expected to prime the local economy with $1.7 to $2.6 million of sales before 1970, even though an estimated $7 million will be spent on development activities. Furthermore, leakages from subsequent rounds of expenditures will probably hold the effective local multiplier for these development activities to 1.5 or less. Thus, the gross income or business activity generated in the RC&D area by the development activities alone is estimated at $2.5 to $4 million for the first 5 years of the development. The average annual increase in local gross sales, generated by the development activities, is estimated at only $500,000 to $800,000 per year during the 1965-70 period. After the site and home development activities are completed, this impact will terminate, but annually reoccurring economic impacts will continue to be generated by use and maintenance activities.

Annual retail sales in Mercer County in 1963 were nearly $150 million. Therefore, the average annual increase in gross sales of $500,000 to $800,000 per year, generated by the development activities, represents only about one-half of 1 percent of the total volume of retail business in only one of the three counties in the local RC&D area. Even in the Borough of Mercer, this estimated increase in gross sales represents the equivalent of less than 10 percent of the total annual business activity. However, this increase is equivalent to the average annual gross sales of five retail businesses in the county (7).

5/ The local portion can be expected to differ in each new subdivision because of the functional relationships involved. A subdivision locally sponsored and locally financed, for example, will generate a larger portion of the total impact in the local area than one which is financed and built by nonresidents.

When the local impact of the development expenditures is analyzed in these terms, it becomes clear why many people in Mercer sensed that the Lake Latonka development had an economic impact on them, but they were at a loss to explain it. The local impact was small enough to be absorbed by existing establishments and staffs.

Impacts of Financing Arrangements

The financing arrangements used to support the development activities generated a set of local impacts. These impacts were estimated by identifying potential changes in the stocks and flows of capital in the local area. Sufficient data were available to suggest that the financing of the site development and home construction activities had a measurable effect on the financial sector of the local economy, but the net effects could not be determined from the data available. These capital movements probably had an effect on the larger regional economy of which the local RC&D area is a subsector, but this effect was not studied. Note that the impacts outlined in this section are not included in the $2.5 million to $4 million of local sales impacts reported in the preceding section, or in any other section of this report.

An expansion of the financing data for the 569 respondent properties revealed that about $1.2 million of the borrowed funds for 1,152 property (1,524 lots) purchases was borrowed from lenders in the RC&D area (table 13). Since part of the funds were borrowed by local residents and few local residents borrowed funds outside the RC&D area, the net return flow of lot loan repayments was estimated to be only $1 million, after payments of the local borrowers were deducted. Hence, only $1 million was initially borrowed in the RC&D area by nonresidents who agreed to pay it back later with interest.

According to the questionnaire responses, slightly more than half the $1.4 million of home construction loan funds to be borrowed from all sources will be borrowed from lenders in the RC&D area (table 14). However, since $185,000 6/ of the $743,000 to be borrowed in the RC&D area will be obtained by RC&D area residents, the repayment of this amount--$185,000--results in no net capital movement to or from the area. Thus, nonresidents will borrow about $560,000 in the RC&D area which they will repay with interest as the home construction loans are paid off. No significant amounts of capital were borrowed outside the local area by RC&D area residents.

Discounting activities were not investigated in this study, but some of the RC&D area lenders may have discounted Latonka notes and mortgages outside the RC&D area. If discounting did occur, even more of the development activities could have been financed by nonlocal capital than these data suggest. 7/

6/ Constructed by the proportional expansion of the $118,000 figure reported by RC&D area respondents (see table A7).

7/ A local banker reported that none of the Lake Latonka paper had been discounted before January 1, 1970.

Table 13.--Source of funds used to finance the purchase of the 1,152 properties, Lake Latonka, Pa., 1965-66 1/

Source City or area	Savings		Borrowed		Total	
	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars	Percent
Within RC&D area	442	20.1	1,236	77.1	1,678	44.1
Mercer County	380	17.3	1,222	76.2	1,602	42.1
Mercer	(233)	(10.6)	(952)	(59.4)	(1,185)	(31.2)
Grove City	(29)	(1.3)	(237)	(14.8)	(266)	(7.0)
Rest of Mercer County	(118)	(5.4)	(33)	(2.0)	(151)	(3.9)
Crawford County	42	1.9	0	0	42	1.1
Venango County	20	0.9	14	0.9	34	0.9
Outside RC&D area	1,755	79.9	367	22.9	2,122	55.9
Pittsburgh, Pa.	542	24.7	45	2.8	587	15.4
Springfield, Mass.	--	--	199	12.4	199	5.2
Other	1,213	55.2	123	7.7	1,336	35.3
Total	2,197	100.0	1,603	100.0	3,800	100.0
Percentage of total	57.8	--	42.2	--	100.0	--

1/ Estimated. Values were estimated for the 1,152 private properties identified in the Lake Latonka community on February 1, 1967, by applying the percentages reported by the owners of 569 respondent properties to the approximately $3.8 million reportedly paid for all lots in the community (see tables 10 and A6).

Source: Lake Latonka Lot Owners' Survey, 1967, and Mercer County records.

Table 14.--Probable source of home construction funds to be used to build the first 250 homes, Lake Latonka, Pa., February 1, 1967 1/

Source city or area	Savings		Borrowed		Total home cost	
	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars	Percent
Within RC&D area	226	14.4	743	52.0	969	32.3
Mercer County	173	11.0	720	50.4	893	29.7
Mercer	(91)	(5.8)	(468)	(32.8)	(559)	(18.6)
Grove City	(3)	(0.2)	(27)	(1.9)	(30)	(1.0)
Rest of Mercer County	(79)	(5.0)	(225)	(15.7)	(304)	(10.1)
Crawford County	34	2.2	0	0	34	1.2
Venango County	19	1.2	23	1.6	42	1.4
Outside RC&D area	1,346	85.6	685	48.0	2,031	67.7
Pittsburgh, Pa.	352	22.4	390	27.3	742	24.7
Other	994	63.2	295	20.7	1,289	43.0
Total	1,572	100.0	1,428	100.0	3,000	100.0
Percentage of total	52.4	--	47.6	--	100.0	--

1/ Estimated. Values were estimated by applying the percentages reported for the 159 respondent homes to the estimated total cost of 250 homes ($3 million) that probably will be started at Lake Latonka before the end of 1970 (also see tables 12 and A7).

Source: Lake Latonka Lot Owners' Survey, 1967, and Mercer County records.

All lot buyers borrowed a total of $1.6 million (table 13). Because of the way in which the loans were written, the annual interest payments on these notes would total an estimated $96,000 (6 percent add-on interest) only in those years after all lots had been sold and before any notes expired. Over a period of 4 years, this represents more than $380,000 of interest income for the financial sector of the economy, of which nearly $300,000 would be paid to lenders in the RC&D area.

The $1.4 million borrowed to pay part of the construction costs of the first 250 homes would generate approximately $85,000 per year in interest income for a few years after the 250th home was built. But a figure somewhat less than that amount will also be generated annually before the 250th home is built.

The total interest paid by property owners on Lake Latonka home and lot loans was estimated at no more than $700,000 through 1970, since construction financing would not be secured on the 250th home until some time in 1970. Furthermore, total annual interest payments on the development activities financed by property owners were expected to peak about the same time. Hence, a peak flow of about $175,000 in annual interest income would be received by creditors of Lake Latonka borrowers around 1970. After that time, the annual amount of interest payments would rapidly diminish, as most lot loans would be retired and the annual number of new home starts is not expected to increase. By 1972, all lot loans should be paid and only the home mortgage loans will be generating interest income. In 1973, for example, the annual flow of interest payments will probably be less than $100,000 per year, even if the 300th home has been started.

The interest income received by lenders in the RC&D area was estimated at considerably less than the total paid on the loans obtained by the Latonka property owners. If the interest on local borrowings by RC&D area residents is included, lenders in the RC&D area would receive no more than 65 percent--or $455,000--of the $700,000 interest income generated on the $3.0 million loaned during the 1965-70 period. Inflow of interest income into the RC&D area, net of that paid by local borrowers to local lenders, was estimated at $365,000.

By the end of 1970, nonresident property owners will probably have returned at least $800,000 of the nearly $1.6 million of capital they borrowed in the RC&D area to finance the lot purchases and home starts. 8/ They will also have returned $350,000 to $400,000 in interest payments on borrowed capital. By 1972, after the lot loans are repaid, about $1.6 million in principal and interest will have been returned to the stocks of local capital by nonresident borrowers.

8/ In February 1970, officials of a local lending institution estimated that more than $1.3 million of the $1.6 million had been paid off for three reasons: First, several notes had been paid up early; second, some lots had been resold and financed; and third, death of borrowers had terminated some of the original notes.

The stock of loanable funds in the local area also appeared to vary according to the period of time lapsing from the beginning of the development. The potential supply of loanable funds was increased by about $435,000 initially, when the developer bought the site--assuming that payments received by sellers were deposited locally. Three months later, a reduction in the local stock of loanable funds began with the sale of the first lots, because 44 percent of all lot funds came from sources in the RC&D area. By September 1, 1965, 5 months after the first lot sale, one-third of all lots had been sold. At that time, the lot financing transactions had probably reduced local stocks of capital by more than the developer's purchase price of the land.

The apparent drain on local capital continued for another year while the lots were being sold. At the end of 1966, less than 2 years after the developer bought the site, lot sales had reduced the stock of loanable funds in the RC&D area by an estimated $1 million--assuming, of course, that new supplies of loanable funds did not flow into the RC&D area during the period and that the developer borrowed nothing in the local area. The latter assumption is not completely accurate since one local lending institution reported the development company borrowed an undisclosed amount of local capital initially.

The long-term money market appeared to be similarly affected. Shortly after the first lots were sold, some buyers began constructing new homes. An analysis of buyers' plans to build by 1970 revealed that one-third of the total home costs would be financed from sources within the RC&D area and about half the homes probably would be built by contractors located outside the area. These findings suggest that the potential outflow of loanable funds, generated by the home construction financing, will not exceed $600,000 for the first 250 homes built. Hence, leakages generated by the home financing transactions will probably not reduce local stocks of capital by more than $500,000 at any point between 1965 and 1970.

The potential net outflow of loanable funds from the RC&D area attributable to both lot and home financing transactions, therefore, is estimated at no more than $1.5 to $2 million during the first 5 to 6 years of the Lake Latonka development. If local lenders discounted some of the Lake Latonka notes and mortgages outside the RC&D area, then the actual reduction in the stock of loanable funds would be proportionately less than this estimate suggests. Similarly, if the development company used local stocks of capital to finance site development activities, the actual outflow would also be porportionately less. However, data on these transactions were not available.

The apparent initial outflow of local capital was later reversed as the inflow of principal and interest payments began to exceed the outflow generated by new loans. Because of the timing of the lot sales and home construction starts, this reversal should have occurred within 1 year after the last lot was sold.

The data examined suggest that: (1) the actual outflow of local capital generated by the financing of the development activities was substantially less than initially hypothesized; (2) the return flow of interest and principal

payments, in the long run, will more than offset any apparent shortrun losses; and (3) the overall effects of the financing arrangements were favorable, even though the net effects on the local economy could not be determined for this report.

Maintenance Expenditures and Impacts

During the first 5 years of the Lake Latonka development, maintenance activities will be minimal since most facilities in the community are new. However, as the facilities begin to wear out, maintenance expenditures will mount, and after 5 or 10 years annual maintenance costs could run as high as 5 percent of the current value of the property.

At this rate, annual maintenance expenditures on the first 250 homes will be about $150,000 per year. Therefore, $150,000 to $200,000 will be needed annually to maintain $3 to $4 million of common properties in the community. By 1975, the total annual maintenance expenditures required to keep the community from depreciating may cost the community $300,000 to $350,000 per year.

Actual maintenance costs were not examined directly in this study. However, buyers agreed to pay two separate maintenance fees when they purchased a lot. These funds are supposed to be used to pay the costs of maintaining streets, water systems, and all other common facilities including the dam and lake. Although the fees may be changed by a vote of the property owners, the rates established by the developer seemed adequate for the expenses anticipated in the late 1960's and early 1970's.

One fee of $25 per lot is assessed all owners annually for maintenance of streets and recreation areas. Since 1,535 lots were sold in the Lake Latonka subdivision, this fee should yield nearly $40,000 per year. A second fee of $5 per month ($60 per year) is assessed the owners of each lot to pay the cost of maintaining the lake and water systems, yielding another $92,000 per year. Hence, $115,000 to $120,000 in special fees will apparently be levied annually for maintenance of the common properties.

If total maintenance costs for all common and private properties are assumed to be $300,000 per year by 1975, the total effect generated could conceivably range from $450,000 to $600,000 annually, assuming the multiplier is 1.5 to 2.0 overall. If 50 percent of all maintenance expenditures are made in the local area, annual sales of local merchants will be increased by $225,000 to $300,000.

Real Estate Value Changes and Tax Impacts

Theoretically, changes in the real value of any property will be recorded on the tax rolls, but just when a value change will be recorded is not always predictable. Slight changes in assessing procedures, for example, often alter the time lag between the occurrence of a value change in a taxing district and the recording of it. If assessors keep the tax rolls up-to-date, property value changes normally are recorded within a few months after the change occurs. However, if assessing procedures vary from period to period, as they often do, assessment records may be a poor indicator of the value changes

occurring in one period but not in the next. This study revealed that assessing procedures in Mercer County remained relatively constant from 1964 to 1967, but varied considerably in the 1967-69 period after new assessing procedures were established.

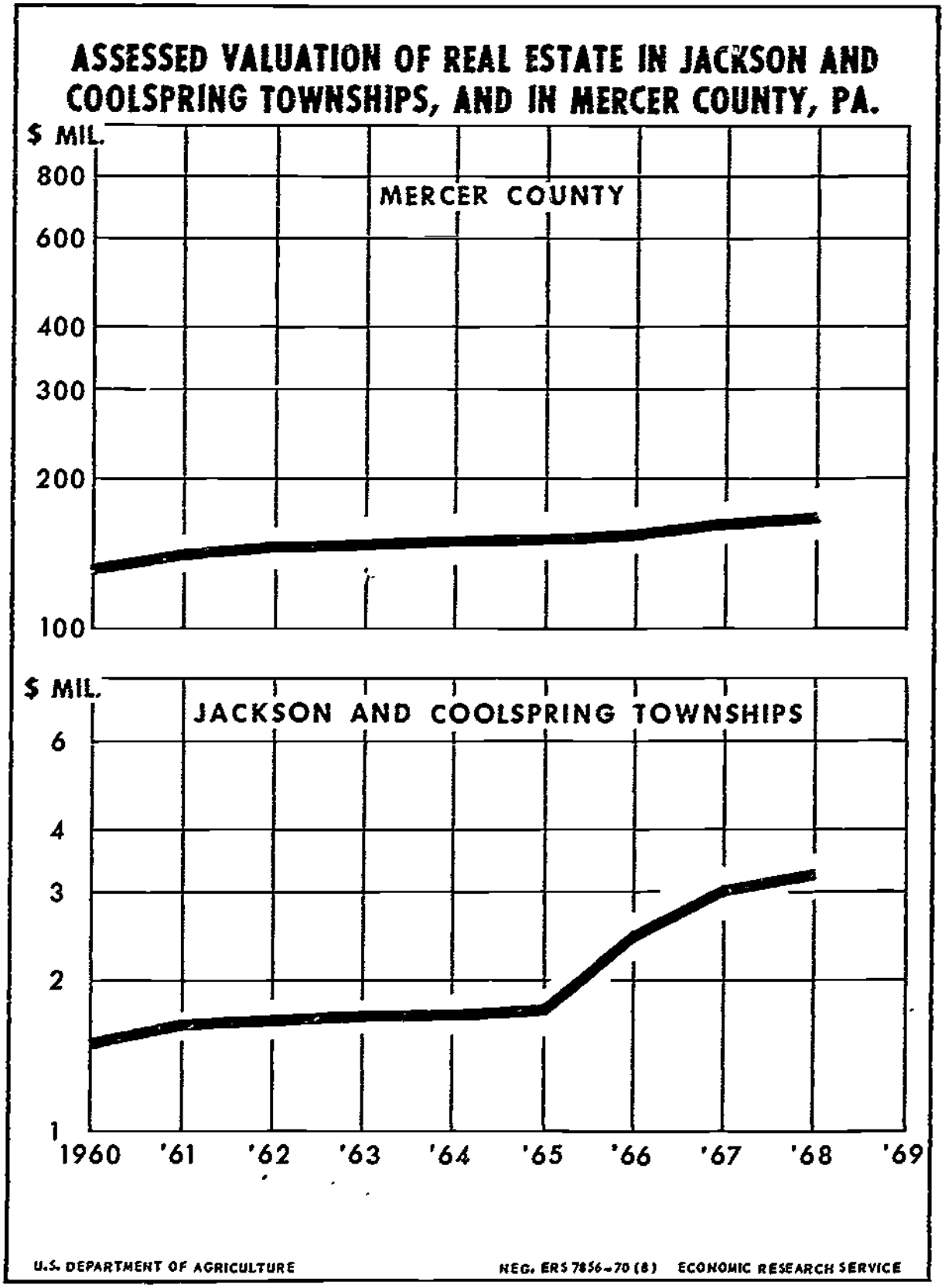
Aerial photographs of Mercer County taken in 1968 show that many improvements had been made at Lake Latonka (figure 5). A comparison of the number of homes visible on the aerial photographs with the number listed on the tax rolls in October 1968 revealed a time lag between the date an improvement was made at Lake Latonka and the date it was recorded and assessed. Despite this lag, county assessment records for 1964 through 1967 best reflected the actual value changes made during the period. Estimated value changes in 1968, 1969, and 1970, based on the plans of owners, best reflected value changes occurring in the 1968-70 period.

Between 1965 and 1967, the assessed valuation of real property in Mercer County increased about $10 million ($154.9 to $164.6 million). The recorded increase in taxable property owing to the Lake Latonka development was $990,000, so only 10 percent of the recorded increase in assessed valuation in the county can be attributed to Lake Latonka. For Coolspring and Jackson Townships in Mercer County, where the new Latonka community is located, the assessors recorded a total increase in assessed valuation in both townships of $1.3 million during 1965-67. Thus, 75 percent ($990,000) of the $1.3 million recorded increase in these two townships can be directly attributed to the Latonka development. Therefore, the addition of nearly $1 million of assessed valuation to the 1965 tax base of $1.8 million in the two townships represents more than a 50-percent increase in the recorded tax base during the first 2 years of the development (see tables 9 and A8). A comparison of the effect on the tax base of Mercer County and Coolspring and Jackson Townships is shown in figure 6.

In terms of taxes levied, the two townships collected a windfall of approximately $50,000 in 1967 without any increase in the 1965 tax rate. A 50-percent rise in tax collections in 2 years without any increase in the tax rate is significant in any district. At this rate, for every 285 to 290 homes of comparable value built, the assessed valuation in the two townships will be increased by about $1 million. By 1970, therefore, the Latonka development alone may have added $1.8 to $2 million to the assessed valuation of the combined tax base of Coolspring and Jackson Townships. This amount includes about $1 million for the site plus another $0.8 to $1 million for 250 new homes.

In addition to the direct effect on the tax base, the development has stimulated growth in the two townships. The direct effects alone, therefore, would seem to underestimate the total tax impact attributable to the Lake Latonka development. However, no attempt was made to measure the induced effects on the tax base in the county.

In terms of taxes levied or collected, an increase of $2 million in assessed valuation will yield $120,000 in annual revenues, assuming a tax rate of $60 per $1,000 of assessed values. In 1965, the tax rate was $53 per $1,000 in Coolspring Township and $64 per $1,000 in Jackson Township; but by 1970, the tax rate will probably be at least $70 per $1,000 in both townships if the


ASSESSED VALUATION OF REAL ESTATE IN JACKSON AND COOLSPRING TOWNSHIPS, AND IN MERCER COUNTY, PA.
$ MIL.
800
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MERCER COUNTY
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JACKSON AND COOLSPRING TOWNSHIPS
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U.S. DEPARTMENT OF AGRICULTURE
NEG. ERS 7856-70 (8)
ECONOMIC RESEARCH SERVICE

Figure 6

predevelopment trends continue. With a tax rate of $70 per $1,000 by 1970, $140,000 of local real estate taxes would be levied on Lake Latonka properties in 1970. 9/

Part of the total impact on the tax base is shared by Mercer Area and Lakeview School Districts. In 1965, the assessed valuation in both school districts totaled $14 million. In 1967, after $1 million of assessed valuation had been added by the Lake Latonka development, the combined assessed valuation for these school districts was $16.3 million (table A9). Thus, only 50 percent of the increased value of property in the districts between 1965 and 1967 is directly attributable to Lake Latonka. As far as the total tax base is concerned, Lake Latonka, in its first 2 years, added a little more than 7 percent to the 1965 tax base of these school districts.

By 1970, assuming that Lake Latonka adds $2 million to the assessed valuation in the districts affected, the assessed valuation in the two school districts will be 14 to 15 percent greater than in 1965. However, the value of other properties in the districts has also been increasing, so the actual tax base in the two school districts will probably increase 20 to 30 percent by 1970. Thus, about half the anticipated increase from 1965 to 1970 in both school districts can be directly attributed to the Lake Latonka development.

In summary, the impact of the Lake Latonka development on the local tax base should be at least equal to $2 million of assessed valuation by 1970. This amount represents an increase of less than 1 percent in the total tax base of Mercer County, about 15 percent in the two school districts, and more than 100 percent in the two rural townships affected. 10/

In terms of real estate taxes levied, Lake Latonka owners will pay $120,000 to $140,000 more in taxes for the 1970 tax year than the previous owners of the Latonka site would have paid, assuming the site had remained in its former uses (tables A10 and A11). This increased revenue will be shared by the county, school districts, and townships, according to their millage rates and assessed valuations. The school districts, however, will get nearly two-thirds of the increased revenues because they have the largest millage rates. 11/

As far as could be determined, no other taxing districts were affected by the Lake Latonka development. Therefore, the foregoing impacts represent the total direct effect of the Latonka development on the tax base of the various taxing districts. The indirect and induced effects, if any, were not studied for this report.

9/ In comparison, the 1,275-acre Lake Latonka site yielded only about $1,500 of tax revenues in 1964 in its former uses ($25,000 of assessed valuation times 60 mills).

10/ Assessed valuation in Mercer County represents about 26.6 percent of the estimated market value of property based on the formula that properties are assessed at one-third of 80 percent of the estimated market or sale value.

11/ Tax rates per $1,000 of assessed valuation in 1965--e.g., Mercer County taxes, $8; Coolspring Township (road) taxes, $5; Jackson Township (road) taxes, $10; Mercer Area school taxes (includes Coolspring Township), $40; and Lakeview school taxes (includes Jackson Township), $46.

USE ACTIVITIES AND IMPACTS

Reported and Planned Use

The survey questionnaire contained two sets of use questions. One set asked all Lake Latonka owners how much they had used the community before the survey. The second set asked those owners who had built, were building, or were planning to build, how many days a month they would use their Latonka homes after they were completed. The use impacts discussed in the following paragraphs are based primarily on the response to these and related questions.

Use Before Survey. The respondents reported heavy use of Lake Latonka in the months immediately following purchase of lots. Several families stated they were not only using the lake and other recreation facilities in the new community, but they were also improving their properties.

All but 62 of the respondent owners answered the "number of visits" question. Of the 655 who answered, 645 reported a total of 12,736 round trip visits from their permanent homes to Latonka, between the time they bought their first lot and the time of the survey (February 1967). This figure represents an average of nearly 20 visits for each owner during the period. The median number of visits, however, was only nine. Only 10 of the 655 respondents reported they had not returned since the day they bought their property.

Above average use of the facility was reported by 289 respondents who were classified as the subgroup most likely to build by 1970. Although only 268 actually answered the question on number of visits, this subgroup reported an average of 28 visits per respondent for a total of 7,468 visits during 1965-67. In other words, 58.6 percent of all visits reported before the survey were made by those who, at the time of the survey, either had built, were building, or would probably begin building by 1970.

Since approximately 42 percent of all owners did not buy a lot until the second season, the annual rate of use was only about 12 to 15 visits per year. In other words, the average owner spent a day at Lake Latonka twice a month in the summer and once a month in other seasons. The response also suggests that 1,000 people may have visited the lake on a pleasant summer weekend.

The number of months a property had been owned was determined for all but three respondents. The average, as determined from Mercer County records, was 12.7 months. On the other hand, the 289 respondents who appeared most likely to build by 1970 had owned at least one lot in the community an average of only 9 months.

Ninety percent of the respondents answered the "size of visiting party" question. The average visiting party was computed to include 4.5 persons. In the subgroup of 289 respondents who planned to build by 1970, only 266 answered this question. The average size visiting party for this subgroup was 4.6 persons.

Because Latonka is not served directly by public transportation, most respondents had to drive there. All but 13 respondents lived within 100 miles. The average distance for the 717 respondents returning usable questionnaires was 51.8 miles. For the 289 respondents planning to build by 1970, the average was 54.5 miles.

Of the 717 respondents returning usable questionnaires, all but 55 answered the overnight lodging question, but only 6 percent actually reported purchasing a night's lodging while visiting Latonka. This small number was expected, since most people lived within 1 or 2 hours of the lake and it would cost many of them more to stay overnight than it would to go home and return the next day.

Most respondents indicated they usually stayed only a few hours at the lake before returning home. Almost 83 percent reported they stayed 8 hours or less per visit, and only 2 percent indicated they stayed more than 13 hours per visit. Of the remaining respondents, 10 made no visits, 30 stayed 9-13 hours per visit, and 71 did not answer. The average visit, however, was about 5 hours.

Thus, the use of the development during the presurvey period was apparently limited almost exclusively to so-called "day-use." 12/

Use After Building. The higher rate of day use reported by those planning to build suggests that these owners will also use their properties more frequently after they build. Indications of use after building were primarily determined from the responses given by 178 of 289 respondents who were classified earlier as the subgroup most likely to build by 1970.

The 178 respondents reported they planned to use their Latonka homes an average of 130 days per year. They also estimated that each using party would contain an average of 5.1 people. The total number of user-days anticipated by these respondents is approximately 118,000 days per year (table 15).

Actually, 190 respondents answered the "use after building" questions but only 178 were also in the subgroup of 289 respondents who were selected as the group most likely to build by 1970. Seven of the 190 respondents planned to build by 1975, and five were not sure when they would begin building. The "additional 12," however, reported the same average rates of use. 13/

12/ Day use has other meanings too, but as used here simply means something less than an overnight visit, including a few minutes to several hours.

13/ A clarification of the subgroup sizes is needed here. The subgroup of respondents who were determined early in this study to be the ones most likely to build contains 289 individual owners who control 275 properties. At the time of the survey, many of these respondents expressed incomplete building plans. Several in the group, therefore, could not be expected to answer all the building plan questions with equal degrees of certainty. Thus, different sized subgroups have been used to analyze the implications of the building plan answers. In each case, the largest subgroup answering positively was selected for the analysis.

Table 15.--Planned use of Lake Latonka, Pa., homes reported by 178 of the 289 respondents most likely to build by 1970, by season and by year owners planned to build, February 1, 1967 1/

Year owners plan to build	Respondents	Planned use, by season				Total annual use
		Jan. - Mar.	April - June	July - Sept.	Oct. - Dec.	
	Number	Days	Days	Days	Days	Days
Built or building on Feb. 1, 1967 --	33	870	1,450	1,940	1,080	5,340
By 1970 ----------	68	1,130	2,720	3,990	1,600	9,440
Probably by 1970 --	77	1,150	2,320	3,370	1,420	8,260
Total ----------	178	3,150	6,490	9,300	4,100	23,040
Mean ----------	--	18	37	52	23	130

1/ Sixteen of the 289 respondents gave indefinite answers to the "use after building" questions and 95 did not answer.

Source: Lake Latonka Lot Owners' Survey, 1967.

A check of respondents' use plans, on a month to month basis, revealed that most Latonka home owners and prospective home owners planned to use their properties more than three times as much during the summer as the winter. The occupancy rate was calculated to be 65 percent during summer months, but not more than 20 percent during winter months. This pattern of use also revealed that few owners planned to use their Latonka homes as permanent residences. A check of the respondents' answers showed that only 20 respondents planned to use their homes continuously during the early years of the development. These 20 residents also account for a little more than half the total winter use reported. By 1971, therefore, only 25 or 30 of the first 250 homes completed at Lake Latonka will probably be used as residences.

Use Impacts in Perspective

Because Lake Latonka is a semiprivate community, only lot owners or their guests are eligible to use the lake and recreation facilities. Therefore, only property owners and their friends can initiate and participate in use activities at Lake Latonka. Although this practice limits the total use impact that can be generated, the impact is easier to estimate because the population of users can be determined and sampled.

Conceptually, use impacts are functions of many factors, the most important of which are: frequency of visits, duration of each visit, number of persons in each visiting party, distance traveled by each visiting party, type of activities pursued, and last but not least, the amounts spent on use activities. In this analysis, use impacts are direct functions of the types, kinds, and magnitudes of use expenditures.

The total economic impacts of the use activities may or may not accrue locally. Anything spent in the local area provides the basis for local impacts. Expenditures made outside the RC&D area contribute to the total--but not the local--impact. For example, a family owning a lot and residing 50 miles from the lake can easily pack a picnic lunch, drive to the lake, and remain for the day without spending anything until they return home. Visits by such parties do not have any direct effect on the local economy. However, they do have a gross effect on the larger regional economy, even if it is limited only to the impact generated by the variable cost of operating an automobile. On the other hand, if users spend freely, the total and local impacts generated by expenditures for meals eaten out, recreation, and other purchases may be sizable, particularly if many users pursue similar activities.

At this point, it should be noted that no attempt was made to measure, directly, either the use expenditures or the use impacts associated with the Latonka community. Furthermore, while the lot owners' questionnaire contained two sets of valuable use questions, neither set was specifically designed to measure use expenditures. Before the use impact analysis could be completed, it was therefore necessary to: (1) derive a set of use expenditure rates, based on the findings of other researchers who have attempted to measure use costs in other areas; and (2) construct a set of use rates for Latonka users.

Two studies relevant to the Lake Latonka setting were used. In a study of Wisconsin vacationers in 1959, Fine and Werner (2) found that the average variable use expense per vacationer was $3 to $5 per day--including meals, lodging, transportation, license fees, and other miscellaneous expenses. This amount did not include investment items, such as boats, tents, trailers, etc., which could be used several seasons. Likewise, it did not include any items normally associated with the development, maintenance, or improvement of vacation properties. The $12 to $20 spent per day, reported by Fine and Werner, represents the average daily variable use expense for a party of 4.0 persons while vacationing in Wisconsin.

Another study of vacation home users in Northern New England in 1966 reported an average expenditure of $2.17 per person, per day (9). In this study, the average weekly household expenditure was $66.95 for a party of 4.4 persons. Items specifically included in these variable use expenditures were food, groceries, meals eaten out, personal expenses, recreation, clothing, transportation, and other miscellaneous expenditures, including a $5.49-weekly item for hired services. Taxes, maintenance, home furnishings, and major purchases of recreation equipment, however, are excluded.

These studies suggested a fine distinction in the classification of use expenditures that warrants much attention. Simply stated, owner-users may incur the following types of expenditures: maintenance, variable use, and special use.

Everyone is familiar with maintenance expenditures. 14/ These represent the cost of maintaining a piece of real estate over a period of years, so that the use level and degree of satisfaction derived from using it is maintained at a constant level over several years.

14/ Maintenance expenditures were discussed previously in the subsection "Maintenance Expenditures and Impacts."

The other two categories of use expenditures--variable use and special use--are discussed briefly in the following paragraphs and are examined in more detail in the subsections on "Variable Use Expenditures and Impacts" and "Special Use Expenditures and Impacts."

Variable use expenses, by definition, are those which must be incurred on any visit to a vacation spot such as Lake Latonka. Variable use costs are frequently repeated on each visit. On the other hand, they are not usually incurred if no visits are made. Purchases of gasoline, oil, food, overnight public lodging, novelties, and even utilities, while using vacation homes, are excellent examples of variable use expenditures.

On the basis of the findings reported for Wisconsin and Northern New England (1) (2) (9), a conservative estimate of variable use expenses for Lake Latonka users would be $2.25 per person per day. At first two rates were thought to be necessary: one for users of properties with homes and a second for users of properties without homes. However, after reviewing all relevant factors, only one rate was considered necessary since two rates could not be distinguished from the data available. In the absence of better data, $2.25 per person per day, for both groups, was considered to be the best estimate.

Special use expenditures, on the other hand, primarily are incurred when durable consumer goods are purchased. These purchases usually enhance the satisfaction derived from using a vacation property. Purchases of boats, motors, furniture, and other personal property items which would not otherwise be bought are good examples of special use purchases. These items will not be bought unless a family has a vacation spot where they can use them, and they do not necessarily have to be bought, even if a family acquires a new vacation spot and uses it.

Special use expenditure rates were also derived from the findings of Fine and Werner in Wisconsin (1) (2) and of the Bureau of Outdoor Recreation in Northern New England (9). However, on the basis of the use reported by the Lake Latonka respondents, ample evidence suggests that families building homes at Lake Latonka would spend more on special purchases of personal property than those not planning to build, and that nonbuilding respondents would spend at least $100 per year on special purchases of personal property. The $100-expenditure, then, is the estimated minimum rate anticipated for users of properties without homes. The rate for users of properties with homes will be discussed in detail subsequently.

Variable Use Expenditures and Impacts

Presurvey Period. As described earlier, more than 90 percent (655) of the respondents answered the set of use questions concerning the period from April 1965 to February 1967. These respondents reported they made 12,736 visits to Lake Latonka during the period, even though about 42 percent of them did not buy a lot until 1966. On the basis of their answers to these and other related questions, respondents spent approximately $127,360 on variable use expenses during 1965-67. This estimate was constructed by assuming that each visiting party spent $10 per visit ($2.25 per person multiplied by 4.5 persons per party).

Assuming that nonrespondents used the Lake Latonka facilities to the same degree as did respondents, all property owners and their guests would have incurred approximately $250,000 of variable use expenses prior to the survey. The total economic impact generated by these variable use expenditures was estimated to be equivalent to at least $250,000 but no more than $500,000 of gross retail sales. This amount is based on the premise that these expenditures have a multiplier effect and that the appropriate multiplier lies between 1.0 and 2.0.

The local portion of the total variable use impact was similarly estimated, except it was assumed that 50 percent of the variable use expenditures were made in the local area. Therefore, as much as $125,000 to $250,000 of the gross economic activity generated was estimated to have accrued to the RC&D area.

Use of Properties Without Homes. Initially, it was hypothesized that the presurvey use would be a good indicator of the property use that might be expected, assuming no homes were built. However, a preliminary analysis of respondents' answers revealed that those planning to build before 1970 were using their Latonka properties at least twice as frequently as those who had no plans to build. Thus, an alternative method of estimating these impacts had to be devised.

A reexamination of respondents' answers revealed that 387 owners, who had no plans to build, answered the property use questions for the period prior to the lot owners' survey. An intensive review of their responses suggested that the use reported by this group would provide a good basis for estimating the variable use impacts generated by the users of Latonka properties without homes.

The respondents with no plans to build reported they made 5,268 visits to Lake Latonka during the presurvey period. Each visiting party contained an average of 4.5 persons. The mean number of visits for this group was 14, compared with 28 for those who appeared most likely to build by 1970.

The variable use cost of the 5,268 visits was estimated at $52,680 or about $140 per respondent. On an annual adjusted basis, this amount appeared to be equivalent to about $100 per year, since 58 percent of the lots were purchased the first year and were used the better part of two vacation seasons.

If no homes were built at Lake Latonka, the maximum variable use expenditure of all users is estimated to lie in a range of $115,000 to $130,000 annually. 15/ The actual impact of this expenditure cannot be adequately estimated, since the analysis suggests that 250 homes will be started before the end of 1970 and the use rate appeared to be influenced by the buildup rate.

15/ The smaller number was calculated by multiplying the 1,163 private properties in the development by $100 and rounding the result to the nearest $5,000. The larger number was calculated by multiplying the 1,294 owners by $100 and rounding the answer to the nearest $5,000. In this way, the differences which result from two alternative interpretations of respondents' answers can be shown.

By 1971, approximately 900 properties without homes will be available for use by at least 1,000 owners and their guests. Based on responses of owners who did not plan to build, the annual use of these 900 properties may be expected to result in at least $90,000 to $100,000 of variable use expenditures. Again assuming a multiplier in the range of 1.0 to 2.0, the total gross economic impact expected from these variable use expenditures will approach $180,000 to $200,000 annually. Since the community is located about 1 hour's ride from the residences of the users, probably half the total impact will accrue to local businesses in the RC&D area.

Use of Properties With Homes. Owners were asked how they planned to use their properties after they completed a home. The economic impact generated by this use was estimated on the basis of 173 homes that respondents planned to build by 1970. The average daily variable use cost for use of these homes was estimated at $11.50 per day. 16/ Thus, the annual variable use cost for 130 days of reported use per year would be $1,500 per home. For 173 homes, the annual variable use cost would be approximately $260,000.

About 1971, or during the first year after 250 homes are completed, the users of all Latonka properties with homes will probably spend about $375,000 annually for variable use expenses. The total expected gross economic impact generated by these new activities, therefore, would range from $375,000 to $750,000 annually if the appropriate multiplier for these types of expenditures is 1.0 to 2.0. At least half the expenditures will probably be made in the local area. Hence, a proportionate amount of the total impact will also accrue to businesses in the RC&D area.

Summary for 1965-70. The expected annual variable use expense rate increases about $1.400 per year for each home completed at Lake Latonka. This figure is based on an estimated annual variable use expenditure rate of $1,500 per property with a home versus about $100 per property without a home. 17/

If no homes were built at Lake Latonka, the total variable use expense would be $115,000 to $130,000 per year for the entire development, assuming it contains 1,150 properties and 1,300 owners, respectively. Thus, the annual variable use expenditure is expected to increase $140,000 for each 100 homes completed.

The annual economic impacts generated by the variable use expenditures are estimated to increase significantly during the early years of the development. This increase is primarily attributed to two factors: (1) the increasing rate of use expected as the homes are completed; and (2) the rapid buildup planned and observed during the beginning years of the new community.

16/ The estimate is based on the estimated daily variable use cost ($2.25 per person) multiplied by the average size of the visiting party (5.1 people).

17/ Since most respondents' homes are being built by "single-owner" respondents, the $100 rate per respondent per year calculated earlier also applies to their properties. Thus, for this analysis, the $1,400 net increase per year appears to be the best estimate from the data collected.

Table 16 estimates the annual rates of use expenditures expected, given different numbers of homes completed at the beginning of each successive 12-month period. The entries in the stub column of the table also apply to successive years of the Lake Latonka development; for example, "0" homes applies to the first year, "50" homes to the second year, and so forth. After 5 to 7 years, the validity of the second interpretation diminishes because it is not clear how expenditure rates may be affected by the buildup.

Table 16 indicates that accumulated variable use expenses during the first 24 months of the development totaled about $130,000. In fact, however, during the first 2 years many lots were not available for use until late in the 2-year period. Thus, the actual variable use expenditure may have been less than the amount shown in the table. On the other hand, if an allowance for the variable use expenses of prospective buyers, who looked but did not buy, is included, then the actual variable use expense during the first 2 years might very well have been equal to, or greater than, the amount shown in Table 16.

Table 16.--Estimated annual variable use expenditures to be incurred by using parties based on the number of homes completed at the beginning of any given year, Lake Latonka, Pa., February 1, 1967 1/

Number of homes completed	Annual variable use expense incurred by users of properties		Total for all users	
	Without homes 2/	With homes 3/	Annually	Cumulative
	1,000 dollars			
0	130	--	130	130
50	125	75	200	330
100	120	150	270	600
150	115	225	340	940
200	110	300	410	1,350
250	105	375	480	1,830
300	100	450	550	2,380
350	95	455	620	3,000

1/ Estimated for 1,150 properties and 1,300 owners. See tables A1 and A3.

2/ Respondents' use rates for the presurvey period suggest that each owner not planning to build incurs about $100 of variable use expenses annually on his visits to the community. Thus, the maximum total variable use expense for all owners, assuming no homes are built, is $130,000 per year.

3/ Respondents planning to build at Lake Latonka before 1970 planned to use their properties about 130 days per year after their homes were completed. The variable use expense for properties with homes was estimated at $1,500 per year per home.

Source: Data in this table were constructed from the rates of use planned and reported by Lake Latonka property owners in February and March of 1967. Expenditure rates reported by cottage and vacation home users in Wisconsin (1) and Northern New England (2) were adjusted and applied to the use rates reported by Lake Latonka owners.

The gross economic impacts generated by the variable use expenditures during the first 5 years of the development are expected to range from $1,350,000 to $2,700,000 of business transactions, depending on the magnitude of appropriate multiplier. The annual average for the first 5 years, therefore, is only $270,000 to $540,000. Furthermore, the portion accruing to the local area will only be about half these amounts, assuming that only half the variable use expenditures are actually made in the local area. 18/

Earlier in this study, 250 homes were estimated to be started at Lake Latonka before the end of calendar year 1970. As soon as these homes are completed, variable use expenditures for the Lake Latonka community should total about $480,000 annually. Thus, during the decade of the 1970's, even without much more home development, the annual variable use impact could total $1 million annually, and at least 50 percent of the total is expected to accrue to local businesses in the RC&D area.

Special Use Expenditures and Impacts

Many new owners must make special purchases of sporting goods, furniture, or other items of personal property, before they can use their new vacation properties, either with or without a home. In this analysis, survey data were limited to special purchases of home furnishings. However, the 1966 study of Northern New England vacation home users (9) reported an average of $155 per home was spent on sporting goods and another $125 per home was spent on special purchases of household items such as linens, lawn furniture, and barbecue outfits. Thus, an estimate of the impacts generated by special purchases of personal property, other than furniture, can also be made.

The Lake Latonka survey revealed that those property owners likely to build by 1970 planned to spend approximately $2,100 per home on furnishings. The respondents also indicated that 60 percent of all purchases would be made in Mercer County (table 17). Since 5 percent of the respondents answering these questions indicated they did not plan to buy any furniture, it was calculated that an average of $2,000 would be spent on furnishings for each of the 250 homes built by 1970--$1,200 of this amount in the RC&D area.

The total impact generated by these purchases will depend on the magnitude of the multiplier associated with these kinds of transactions. If the appropriate multiplier is again assumed to range from 1.0 to 2.0, the total value of the economic activity generated by home furnishing expenditures would be between $500,000 and $1,000,000 for the first 250 homes built. The local portion of this impact is estimated to range from $300,000 to $600,000.

18/ Determination of the actual impact on the local economy, however, will have to be reserved for another study as the data needed to accurately measure the impacts were not available for this analysis.

Table 17.--Value of home furnishings the owners of 140 respondent properties planned to buy for their Lake Latonka, Pa., homes, by the proportion they planned to buy from merchants in Mercer County, February 1, 1967 1/

Percentage to be bought in Mercer County	Respondent's properties		Value of purchases from--	
			All places	Mercer County
	Number	Percent	Dollars	Dollars
None 2/	15	10.7	20,200	--
25	17	12.2	39,500	9,875
50	40	28.6	93,300	46,650
75	21	15.0	42,200	31,650
100	37	26.4	73,400	73,400
Don't know	10	7.1	28,500	--
Total	140	100.0	297,100	161,575
Percentage of total	--	--	--	3/ 60.2

1/ Only the responses of property owners who were among the group of 289 respondents who planned to build or were likely to build by 1970 and who answered the "value of the home furnishings" questions are summarized in this table.

2/ The owners of six of these 15 properties did not plan to buy furniture.

3/ Adjusted percent based on known data only ($161,575 divided by $297,100 minus $28,500).

Source: Lake Latonka Lot Owners' Survey, 1967.

According to the New England and Wisconsin studies (1) (2) (9), Lake Latonka home users will continue to spend about $280 per home per year on special purchases of personal property after their second homes are completed and furnished. Hence, after 250 homes are completed, the users will probably be spending about $70,000 annually for such items as boats, motors, lawn mowers, barbecue outfits, etc. These special use expenditures could conceivably generate the equivalent of $140,000 of business activity annually beginning about 1970 or 1971.

The users of Lake Latonka properties without homes are also expected to make similar purchases. If the users of 900 Lake Latonka properties without homes in 1970 spend the equivalent of $100 per property per year for boats, motors, barbecue outfits, and similar items, an additional $90,000 to $180,000 of business activity could be generated annually.

Totaling the lesser of these two categories of expenditures ($70,000 and $90,000), special purchases of personal property other than home furnishings will probably total at least $160,000 annually for the Lake Latonka community beginning about 1970. Gross and local economic activities resulting from these expenditures were estimated on the same basis as were other expenditures noted in preceding sections. Thus, the total economic impacts generated by special use expenditures, other than new home furnishings, will range from $160,000 to $320,000 of gross economic activity annually during the first 10 years of the Latonka community. The local portions of these economic impacts are expected to range from $80,000 to $160,000 annually during the 10-year period.

Impacts of Demand for Public Services

Most sponsors of the Penn Soil RC&D project are local officials and businessmen who want to know what funds the county, township, and school district governments will have to spend on additional public services for new second-home communities during the first 5 or 10 years of each development. Although it was quite clear who was supposed to provide the various services in the Lake Latonka community, local officials recognized that a big difference often exists between theory and practice. Therefore, how could local government officials be certain that Lake Latonka was not just another residential subdivision that would demand many new services from the established governments? And if these demands should occur, what impact would they have on the tax structures of the local governments?

In 1965 and 1966, school officials were understandably concerned. The developer's plan contained no provisions for schools, but many of the new homes being built at the lake looked like permanent residences and many school-age children were observed using the facilities.

In addition to the school question, local officials in adjacent communities had reservations about the adequacy of the utilities being installed at Lake Latonka. All services, except gas, electric, and telephone utilities, were supposed to be provided internally by the community. But were adequate facilities being installed?

The development company provided the water supply and distribution system, but would these systems be adequate for all the homes that might be built? The developer built the streets, but would the annual fee the lot owners agreed to pay be sufficient to maintain the roads? The developer made it clear that the lot owners must provide their own septic tanks, but would the onsite systems function satisfactorily? The developer also provided a legal framework for a Lake Latonka community government, but would the new lot owners' association ever be able to obtain the necessary majority vote for any needed action? Obviously, many issues might eventually have to be resolved by the collective action of Lake Latonka and adjacent communities. Unfortunately, these actions could be frustrating, time consuming, and expensive for all county taxpayers--including those at Lake Latonka. At least, the basis for public concern seemed to be real.

In all fairness to the Lake Latonka lot owners, it can be argued that the adjacent communities should provide the new community with all of the usual public services that adjacent communities enjoy, since Lake Latonka property owners pay the same taxes as other property owners in Mercer County. On the other hand, citizens in the adjacent communities may argue that double taxation is the price that Lake Latonka property owners must pay to keep their second home community semiprivate. Nonowners, therefore, may contend that the Lake Latonka community must provide for its own internal needs if these services can be used only by owners and their friends, just as a country club pays the customary taxes levied on all properties in the district of which the club is a part.

When this study was initiated, public school enrollments for the Lake Latonka development could be readily determined from public records. The availability of such data was fortunate, since sudden increases in school enrollments often represent the first and most serious public service impacts that accrue to small rural taxing districts when rapid development occurs. However, estimates of other potential community service needs could not be made without further research. Consequently, only the school enrollment impact could be measured at this time.

School Enrollment Impact. The data for this phase of the analysis came from several sources. The county superintendent of schools provided school enrollment figures. Information regarding the children in the families of former owners of the Latonka site was obtained from acquaintances and neighbors in Mercer County. The data on home building plans and the numbers of school-age children in the families of Lake Latonka property owners were obtained from the questionnaires returned by the lot owners.

Of the 289 households considered most likely to build by 1970, 130 had children, but only 17 of these households planned to build permanent residences. The remaining 159 families reported they had no school-age children living at home.

The 17 families with children who planned to build permanent homes had 38 children among them. Of these, 11 children were under 6 years, 12 were 6 to 12 years, and 15 were 13 to 18 years of age on February 1, 1967.

The gain of children for the total development, based on the assumption that the 689 respondents represent 60 percent of all Lake Latonka owners, would be as follows: 18 children under 6 years of age, 19 children 6 to 12 years, and 24 children 13 to 18 years of age. The total is 61 children of all ages, as of February 1, 1967. The net gain expected is equal to the gain of 61 children from Lake Latonka minus the loss of 10 children from the households of former owners who sold out and moved. The net gain of 51 children also represents the best estimate of the total school enrollment impact for the local school districts in 1970.

Based on the composition of the families responding to the questionnaire, the families of all respondents and nonrespondents would probably contain approximately 1,800 school-age children in 1970. Thus, the 50 or 60 children requiring classroom space would represent less than 3 percent of the estimated population of school children in the families of all owners. These figures indicate why local school officials were concerned when they observed so many children splashing in the lake the first summer.

On the basis of the foregoing findings, the Lake Latonka community would not overload established public school systems before 1970, 1975, or ever, so long as the new community remained primarily a second-home community.

When these findings were presented to the local school officials in the fall of 1968, they indicated that their experiences through the beginning of the 1968 school year confirmed the findings. They also pointed out another interesting phenomenon. According to the school enrollment statistics for Mercer and Lakeview Districts, the crest of the wave of post-World War II babies passed through local public school systems about the time Lake Latonka was started. Therefore, by 1970, school enrollments in the two districts were expected to be 2 to 5 percent below the 1965-66 peak without a Lake Latonka development. By the fall of 1968, even with at least 100 homes completed at Latonka, school enrollments in the two districts had actually dropped off from the 1965 peak. Thus, the new community would probably have to send at least 100 children to local public schools in 1970 to compensate for the natural attrition expected in Mercer and Lakeview Districts during the period.

A rigorous analysis of the demand for other public services could not be made without additional research. However, from observations made during the course of this study, it appears that the private owners will make few, if any, significant demands on adjacent communities for additional public services during 1970-75. Projections cannot be made about the post-1975 period because the planning horizon revealed by owners was limited to a maximum of 5 to 7 years. Respondents' plans beyond that time frame were merely ideas.

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Table A1.--Number of owners of respondent, nonrespondent, and refusal properties, Lake Latonka, Pa., by type of property, February 1, 1967

Type of property	Number of owners of--			
	Respondent properties	Nonrespondent properties	Refusal properties	Total
Single-lot, single-owner	506	317	21	844
Multi-lot, single-owner	120	77	1/ 6	1/ 203
Single-lot, multi-owner	2/ 119	55	4	178
Multi-lot, multi-owner	2/ 29	23	6	58
All types	774	472	37	3/ 1,283

1/ Includes Latonka Marine Club, which was not surveyed since it was considered to an atypical property.

2/ Not all of these owners returned questionnaires. However, by definition, if one owner of a multi-owner property responded, the property was classified as a respondent property. Only 68 of the 119 single-lot, multi-owner property owners and 23 of the 29 multi-lot, multi-owner respondent property owners returned completed questionnaires.

3/ These 1,283 owners controlled 1,524 lots, which had been combined into 1,152 properties.

Source: Lake Latonka Lot Owners' Survey, 1967.

Table A2.--Number of lots included in respondent, nonrespondent, and refusal properties, Lake Latonka, Pa., by type of property, February 1, 1967

Type of property	Number of lots included in--			
	Respondent properties	Nonrespondent properties	Refusal properties	Total
Single-lot, single-owner	506	317	21	844
Multi-lot, single-owner	322	197	1/ 14	1/ 533
Single-lot, multi-owner	50	26	2	78
Multi-lot, multi-owner	34	24	11	69
Total 2/	912	564	1/ 48	1/ 1,524

1/ Includes three lots owned by the Latonka Marine Club. This property was not surveyed by the questionnaire.

2/ The developer divided all but 90 acres of the 1,275-acre site into 1,600 lots and a 270-acre lake. On February 1, 1967, 65 lots were retained as common properties and 11 lots were controlled by unidentified owners. These 76 lots plus the three owned by the Marine Club were the only ones in the subdivision not surveyed by the mailed questionnaire.

Source: Lake Latonka Lot Owners' Survey, 1967.

Table A3.--Number of properties classified as respondent, nonrespondent, and refusal properties, Lake Latonka, Pa., by type of property, February 1, 1967

Type of property	Number of properties classified as--			
	Respondent properties	Nonrespondent properties	Refusal properties	Total
Single-lot, single-owner	506	317	21	844
Multi-lot, single-owner	120	77	1/ 6	1/ 203
Single-lot, multi-owner	50	26	2	78
Multi-lot, multi-owner	13	11	3	27
Total	689	431	1/ 32	1/ 1,152

1/ Includes Latonka Marine Club, which is one property comprised of three lots and one owner.

Source: Lake Latonka Lot Owners' Survey, 1967.

Table A4.--Estimated site acquisition and development costs incurred by the development company, Lake Latonka, Pa., fiscal years 1965-70

Item	1965	1966	1967	1968	1969	1970	Total
	1,000 dollars						
Site selection	65	0	0	0	0	0	65
Land purchase:							
1,275 acres	435	0	0	0	0	0	435
Design, layout, and subdivision	100	50	0	0	0	0	150
Lake construction:							
Dam	200	50	0	0	0	0	250
Dam repair 1/	0	0	150	0	0	0	150
Site clearance	60	0	15	0	0	0	75
Beach area	25	0	0	0	0	0	25
Service facilities:							
Roads	100	50	50	0	0	0	200
Water system	150	100	50	0	0	0	300
Recreation areas	30	40	30	0	0	0	100
Sales and promotion:							
Commissions	50	250	100	0	0	0	400
Advertising	50	250	100	0	0	0	400
Overhead:							
Management	50	100	75	25	0	0	250
Capital costs	25	50	50	25	0	0	150
Other	10	10	10	10	10	0	50
Total 2/	1,350	950	630	60	10	0	3,000

1/ Dam broke in the fall of 1966 and the spillway section had to be rebuilt.
2/ These totals represent estimates of the company's costs only. They do not include any allowance for costs incurred by government agencies, utility companies, lot buyers, or other commercial interests.

Source: USDA estimates, as revised in December 1968.

Table A5.--Estimated development costs incurred by commercial enterprises and government agencies, Lake Latonka, Pa., fiscal years 1965-70 1/

Organization	1965	1966	1967	1968	1969	1970	Total
	1,000 dollars						
Commercial: 2/	150	485	75	75	75	75	935
Gas	50	100	25	25	25	25	250
Electric	50	150	25	25	25	25	300
Telephone	50	135	25	25	25	25	285
Other	0	100	0	0	0	0	100
Government: 3/	20	15	10	10	5	5	65
Federal	3	2	0	0	0	0	5
State	5	5	0	0	0	0	10
County	5	5	5	5	0	0	20
Town	3	3	2	2	0	0	10
Other 4/	4	0	3	3	5	5	20
Total	170	500	85	85	80	80	1,000

1/ These estimates were developed by experts in USDA, and do not include any of the development costs incurred by the development company or the lot buyers.

2/ Does not include any allowance for the undeveloped 90-acre tract, the water company installed by the developer, or the homes built by the lot buyers.

3/ Many of the government expenditures involve hidden costs, such as those incurred for health and safety inspections; service changes including road relocation, school bus routes, and record keeping; and other expenses involving technical assistance for the planning of new services.

4/ Miscellaneous expenses not included elsewhere.

Source: USDA estimates, as revised in December 1968.

Table A6.--Amount and percentage of the reported purchase prices paid down and financed for 569 respondent properties at Lake Latonka, Pa., by respondent's place of residence, February 1, 1967 1/

Respondent's residence	Paid down		Financed		Total purchase price	
	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars	Percent
Within RC&D area	229	20.1	107	12.8	336	17.0
Mercer County	196	17.3	92	11.1	288	14.6
Mercer	(120)	(10.6)	(42)	(5.1)	(162)	(8.3)
Grove City	(15)	(1.3)	(2)	(0.2)	(17)	(0.9)
Rest of Mercer County	(61)	(5.4)	(48)	(5.8)	(109)	(5.4)
Crawford County	22	1.9	5	0.5	27	1.3
Venango County	11	0.9	10	1.2	21	1.1
Outside RC&D area	910	79.9	725	87.2	1,635	83.0
Pittsburgh, Pa.	281	24.7	220	26.4	501	25.4
Other	629	55.2	505	60.8	1,134	57.6
Total	1,139	100.0	832	100.0	1,971	100.0
Percentage of total	57.8	--	42.2	--	100.0	--

1/ The owners of the 689 respondent properties paid $2,326,937 for their lots. However, the owners of 120 of the 689 respondent properties paid $355,955 for their lots, but did not report the percentage paid down. The owners of the remaining 569 respondent properties paid $1,970,982 for them. Their responses revealed that only seven of these homesites were totally financed, 333 were partially financed, and 229 were not financed.

Source: Lake Latonka Lot Owners' Survey, 1967, and Mercer County records.

Table A7.--Anticipated financing for 159 homes, Lake Latonka Pa., by respondent's place of residence, February 1, 1967 1/

Respondent's residence	Not financed		Financed		Estimated home construction costs 2/	
	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars	Percent
Within RC&D area	139	14.4	118	13.4	257	13.9
Mercer County	106	11.0	89	10.1	195	10.5
Mercer	(56)	(5.8)	(34)	(3.9)	(90)	(4.9)
Grove City	(2)	(0.2)	(6)	(0.6)	(8)	(0.4)
Rest of Mercer County	(48)	(5.0)	(49)	(5.6)	(97)	(5.2)
Crawford County	21	2.2	13	1.5	34	1.9
Venango County	12	1.2	16	1.8	28	1.5
Outside RC&D area	831	85.6	764	86.6	1,595	86.1
Pittsburgh, Pa.	218	22.4	330	37.4	548	29.6
Other	613	63.2	434	49.2	1,047	56.5
Total	970	100.0	882	100.0	1,852	100.0
Percentage of total	52.4	--	47.6	--	100.0	--

1/ The owners of only 203 of the 689 respondent properties indicated the cost ($2,382,500) of the homes they planned to construct at Lake Latonka. However, the owners of only 159 of these properties also indicated how they planned to finance the $1,852,500 of construction costs they planned to incur. Their responses revealed that six of these homes would be totally financed, 119 would be partially financed, and 34 would require no financing.

2/ The median values of the home cost categories checked on the questionnaires by each respondent were used to construct values displayed in this table.

Source: Lake Latonka Lot Owners' Survey, 1967, and Mercer County records.

Table A8.--Assessed valuation of all real estate in Coolspring and Jackson Townships and in Mercer County, Pa., 1960-68 1/

Year	Coolspring	Jackson	Both townships	Mercer County
	1,000 dollars			
1960	937	560	1,497	135,525
1961	1,037	577	1,614	140,220
1962	1,074	584	1,658	143,503
1963	1,142	598	1,740	147,911
1964	1,155	598	1,753	150,048
1965	1,187	595	1,782	154,902
1966	1,355	1,085	2,440	158,084
1967	1,834	1,247	3,081	164,619
1968	1,923	1,314	3,237	167,412

1/ Assessed valuations in Mercer County are assumed to be equal to one-third of 80 percent of the estimated market value of the property.

Source: Mercer County, Pa., records.

Table A9.--Assessed valuation of all real estate in Mercer Area and Lakeview School Districts and in all school districts of Mercer County, Pa., 1960-68

Year	Lakeview	Mercer area	Both districts	Mercer County
	1,000 dollars			
1960	5,572	6,823	12,395	135,525
1961	5,687	7,176	12,863	140,220
1962	5,748	7,305	13,053	143,503
1963	5,889	7,538	13,427	147,911
1964	5,919	7,725	13,644	150,048
1965	6,038	8,013	14,051	154,902
1966	6,654	8,427	15,081	158,084
1967	6,905	9,097	16,002	164,619
1968	7,079	9,269	16,348	167,412

Source: Mercer County, Pa., records.

Table A10.--Estimated real estate taxes levied on taxable property in Coolspring and Jackson Townships and in Mercer County, Pa., 1960-68 1/

Year	Coolspring	Jackson	Both townships	Mercer County 2/
	1,000 dollars			
1960	41	30	71	6,709
1961	49	33	82	7,121
1962	49	33	82	7,855
1963	51	33	84	8,075
1964	54	35	89	8,421
1965	63	38	101	8,774
1966	72	69	141	9,527
1967	97	80	177	10,044
1968	115	85	200	11,111

1/ Includes three taxes: county, school district, and township or borough. Approximately 60 percent of the total tax, however, is levied by the school districts.

2/ Calculated by multiplying the reported tax rates by the assessed valuations in each district.

Source: Mercer County, Pa., records.

Table All.--Estimated school taxes levied on taxable property in Mercer Area and Lakeview School Districts and in all school districts of Mercer County, Pa., 1960-68

Year	Lakeview	Mercer area	Both districts	Mercer County 1/
	1,000 dollars			
1960	150	224	374	3,879
1961	163	240	403	4,685
1962	209	277	486	5,007
1963	232	275	507	5,221
1964	255	274	529	5,436
1965	278	272	550	5,650
1966	306	337	643	6,333
1967	318	364	682	6,685
1968	326	417	743	7,287

1/ Calculated by multiplying the reported tax rate by the assessed valuation in each school district.

Source: Mercer County, Pa., records.