

Connery Associates

Fiscal Impact Review Old English Square Phase One Holbrook Massachusetts

September 30, 2003

1.0 Overview

This report assumes Phase One of the originally proposed Old English Square development will be developed as a stand-alone project. Specifically, 36,000 square feet of commercial development (office and retail) and twenty-eight residential units consisting of seven two-bedroom townhouses, and eleven one-bedroom and ten two-bedroom condominiums over the commercial component.

2.0 Summary of Findings

- **The proposal will have a strong positive fiscal impact, generating a net return of approximately \$109,000 per year. The cost to revenue ratio is 0.14.**
- **The proposal will generate approximately \$45,000 in building permit and associated fees.**
- **The proposal will add between six and seven million dollars to total assessed valuation.**
- **The proposal will generate between two and three school age children per year of which one or two will enroll in the elementary grades.**

3.0 Residential Costs

The stand alone Phase One was a component of the fiscal analysis presented to town meeting in May 2003. To maintain consistency with the previous study, we have maintained the values and methodologies presented in said report. However, it should be noted that the school costs associated with the original proposal assumed that the students generated from the Phase One component would be treated part of a larger student generation number. Accordingly, incremental school costs were assigned to all students at a rate of \$7,325 per student.

However. As a stand-alone proposal Phase One will generate between two to three school aged children per year. For purposes of rounding we are assuming three children, of which one or two will enroll in the elementary grades, the other in middle or high school

grades. When dealing with very low school generation values it is highly unlikely that any significant incremental costs will be incurred. The one or two students that may enroll in the elementary school are well within the average annual fluctuation rate of the school district. Essentially, with very low numbers there is almost no chance that new facilities need to be built, or that new teachers will be hired, or that a major increase in supplies will ensue. However, to be conservative, we have assumed that the two or three new students will have the same costs per household as existing households i.e. \$2,960. Therefore, we are assuming an education cost of \$8,900 per year or \$318 per unit. The May 2003 report determined a non-school cost per unit of \$834. Thus, when combined with the school cost per unit of \$321, the total annual average service cost per unit is \$1,152.

4.0 Combined Commercial and Residential Costs

Consistent with and based the analysis presented in the May 2003 report, the cost of providing municipal services to the 36,000 square foot commercial component is assigned at twenty -five cents per square foot or \$9,000 per year. **Combining the residential and commercial costs we arrive at an estimated annual service cost of \$17,900 per year for Phase One.**

5.0 Revenue Generation

Similar to cost considerations, we have employed the revenue projections reflect the values of the May report. However, due to the very low number of new residents and students generated, Phase One as a stand-alone project essentially does not generate any additional state aid. Therefore, for this report we have *reduced* the revenue per residential unit from all sources from \$3,076 per unit to \$2,926 per unit.

Assuming 28 units the gross revenue yield from property taxes, local fees, and excise taxes will be \$81,900 per year from the residential component. The revenue estimate for the commercial component remains the same as indicated in the May 2003 report or \$45,500 per year, based on a 25.82 tax rate and a taxable value of 50 dollars per square foot. **Therefore, total gross revenues will be approximately \$127,400 per year.**

6.0 Net fiscal Position

Given \$127,400 dollars in gross revenues and \$17,900 dollars in gross service costs, **the net positive fiscal position is \$109,500 annually. This translates into a cost to revenue ratio of 0.14. Thus for every dollar of revenue the total service cost will be fourteen cents. The proposal has a very strong and sustainable fiscal profile.**

In addition to the net annual benefit, Phase One will generate approximately \$45,000 in building permit fees and add between \$6 and \$7 million dollars to total assessed valuation.

Appendix 1. Percent of Service Costs by Department and Development Type

DEPARTMENT	INDUSTRIAL RANGE AVG.	COMMERCIAL RANGE AVG.
General Government	4-8 (6)	4-8 (6)
Public Safety	35-55 (45)	60-90 (75)
Public Works	35-55 (45)	10-20 (15)
Health and Welfare	2-4 (3)	1-3 (2)
Recreation and Culture	0-2 (1)	1-3 (2)

Appendix 2. School Aged Children Analysis by Residential Type

**UMass Donahue Institute
Public Use Micromedia Sample, US Census
November 2002**

For apartment developments over 50 units and with a rent of over \$750 per month, the following student generation rates were determined

Single family Attached (townhouses)	0.315 per unit
One-bedroom apartments.	0.015 per unit
Two bedroom apartments	0.1282 per unit

Note the above data reflects all units, i.e. both market and subsidized. Market rate only units generate about 20% less students per unit type than the data above indicates.

Appendix 3. Burlington Apartment Survey, Student Generation Rates (1)

Property	Elementary	Middle School	High School	Total Students	Total Units	Students per unit
Arboretum	42	16	13	71	399	0.178
Beacon Village	45	16	13	74	420	0.176
Hallmark Gardens	9	1	1	11	154	0.071
Lord Baron	68	19	13	100	380	0.380
Stonebrook Farms	9	6	6	21	202	0.104
Total	173	58	46	277	1555	0.178

(1) The above sample includes approximately 5% three bedroom units and 25% affordable housing units.

Appendix 4. School Children Generation Studies Melrose, MA

Connery Associates surveyed 450 one and two bedroom market rate and affordable housing units as part of a fiscal impact study prepared for Pembroke Real Estate i.e. the 576 unit Oak grove village proposal. All buildings were within one half mile of the proposed project site. The student per unit ratio was 1 per 56units or a rate of 0.018 per unit.

	# Units	Students	Student per Unit
Towne Estate Apts.	260	6	0.023
Pine Banks Apt.	44	0	0
288 Main	20	0	0
296 Main	24	1	0.04
306 Main	16	0	0
314 Main	16	0	0
3 Mt. Vernon	20	0	0
12 Mt. Vernon	24	1	0
333 Main	26	0	0
Total	450	8	0.018

Appendix 5 Abbott Development, Boston, MA

The following is summary analysis of 9 apartment developments (each in excess of 200 units) in Northern Rhode Island. The study surveyed 2,166 one and two bedroom units, and a small percentage of three bedroom units (less than 3%) produced 20 school-aged children. The survey was conducted in May of 2000. The study was completed as part of a proposal for a 330-unit apartment development in Lincoln Rhode Island

Total Units	Toddlers	School Aged	20-50	Over 50
2,166	56	20	2,247	1,314

Source Abbott Development, Boston Massachusetts. May 2000

The projects surveyed had as few as 109 units and as many as 348 units. The ratio of school-aged children was **1 school-aged child per 108 units, or .009 per unit.**

It is interesting to note that the total number of children was 76 but the school-aged population (5 to 19) was only 20. Essentially, the data illustrates the attrition rate from

pre-school to school aged children and the mobility of families that use an apartment dwelling as a first dwelling prior to moving to another residential form.

The survey also indicated the average population per unit was 1.68