

Fiscal Impact Analysis

**518 South Ave.
Weston, MA**

June 25, 2019

**Prepared By
Fougere Planning & Development, Inc.**

**Prepared For
518 South Ave, LLC**

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I. Introduction

518 South Ave., LLC is proposing a Comprehensive Permit application involving the construction of a residential apartment building containing a total of 200 units located at 510, 518, and 540 South Avenue. The subject site consists of three properties totaling 9.54 acres. Two of the properties presently contain single family homes. The proposed buildings will be four and five stories with a total of 353 parking spaces provided. The site will be serviced by public water and a private onsite wastewater treatment facility. The amenity space for the residences will include an indoor lounge, business center, demonstration kitchen, theatre room, fitness center, and will also include a resort style courtyard and pool. Based on the current timeline, it is anticipated that the first units will be available for occupancy in August of 2021, with stabilized occupancy achieved by August 2022. This fiscal impact report will analyze potential revenue streams from the proposed residential development, along with potential impacts - to individual Town departments.

Table One outlines the specific - composition of units, with 25% of the apartments (50) designated as affordable under the 40B provisions.

Table One
Apartment Development Unit - Composition

Unit Type	Bedrooms
One Bed Market	75
One Bed Affordable	25
Two Bed Market	59
Two Bed Affordable	20
Three Bed Market	16
Three Bed Affordable	5

This will be a private development with the owner maintaining all access ways and providing private trash disposal. The project will use public water, while wastewater will be treated using a private on-site system.

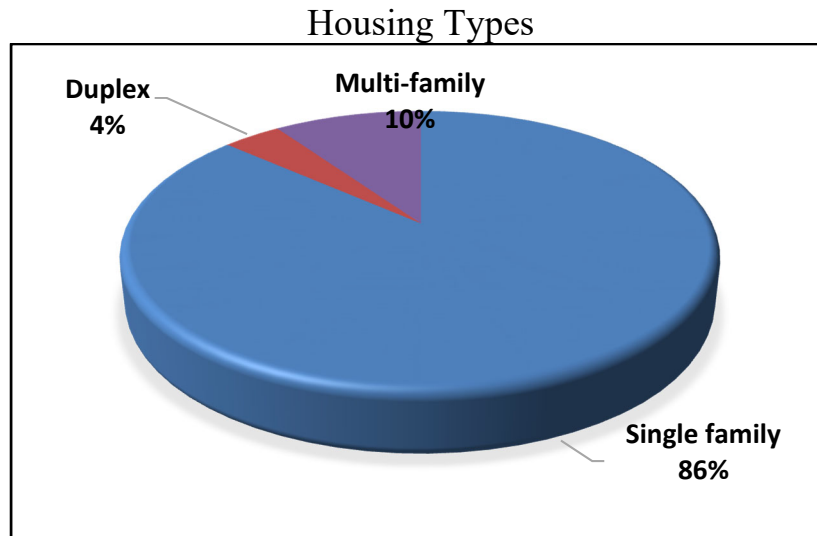
II. Local Trends

1. Census figures report that from 2000 to 2010 Weston's population decreased from 11,469 to 11,261, showing negative population growth over the 10-year time period. The most recent population estimates from the US Census Bureau¹ report a population of 12,027, indicating less than 1% average growth per year since 2010.

A majority of Weston's housing stock consists of single-family homes, with 2017 US Census data reporting 3,426 single family homes out of a total housing stock of 3,959 units; Figure One.

Figure One

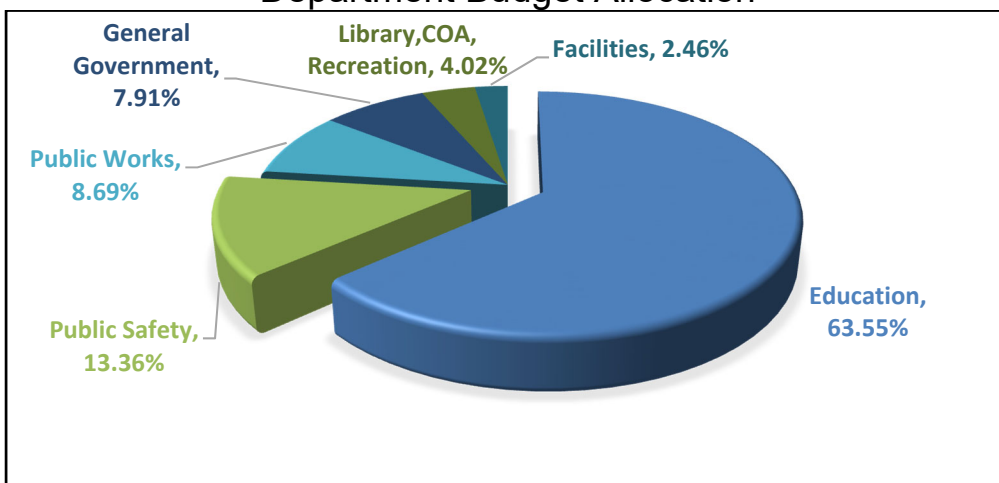
¹ 2013-2017 American Factfinder



III. Budget History

Weston’s total operating budget for 2019 is \$87,447,817, an amount which has increased 12.1% over the last four years. Public Safety and Education account for - 77% of the total budget. These departments have the largest number of personnel and the most direct impact on municipal expenditures. Given the large budgetary impacts these departments have on Town finances, and the fact that these two agencies will experience the most direct measurable impact from the proposed development, they are the primary focus of this Report.

Figure Two
Department Budget Allocation



IV. Fiscal Methodology Approach

There are a number of methodologies that are used to estimate fiscal impacts of proposed development projects. The Per Capita Multiplier Method is the most often used analysis to determine municipal cost allocation. This method is the classic “average” costing method for projecting the impact of population growth on local spending patterns and is used to establish the costs of existing services for a new development. The premise of this method is that current revenue/cost ratios per person and per unit are a potential indicator of future revenue/cost impacts occasioned by growth. New capital expenditures required for provision of services to a development are not added to current costs; instead, the present debt service for previous improvements is included to represent ongoing capital projects. The advantage of this approach is its simplicity of implementation and its wide acceptance by both consultants and local officials. The downside of this approach is that the methodology calculates the “average” cost as being the expected cost, which is often not the case as costs are exaggerated significantly in some instances. (For example, if one student is added to a school system, limited cost impacts will occur; however based on an “average” cost to educate one student the cost could be noted as \$19,000/year, which includes such costs as existing debt, building maintenance, administrative and other factors, all of which will be minimally impacted by the addition of one student. The “true cost” could be significantly less, especially in those communities with declining enrollment.)

The Marginal Cost Approach is a more realistic methodology that can be used to estimate and measure developmental impacts based on actual costs that occur in the community. At this time, there is an existing municipal “level of service” present in Weston to serve the community. This existing service level, for the most part, addresses the needs of the community through existing tax collections. As new development occurs, pressures are placed on some departments to address increased demands, while other departments experience negligible, if any, impacts. In reviewing the potentially impacted departments specifically, a more accurate picture of anticipated cost impacts can be determined.

Given the nature of the proposed project, as will be shown by the analysis below, measurable impacts will be limited to a few Town departments. Any required off-

site traffic and roadway improvements are expected to be addressed during the approval processes. Solid waste generated by project will be removed by a private hauler. Water expenses associated with new uses will be offset through user fees. All on-site property improvements will be maintained privately. Measurable impacts of the redevelopment are expected to result to a few town departments, most notably the School Department, along with the Police and Fire Departments. Other Town agencies are projected to experience little or no measurable impacts from the proposed development.

Fougere Planning met with a number of key Town department heads and officials during the development of this Report. The purpose of these meetings was to outline the fiscal impact approach, as well as to hear concerns about present service capacity and how the proposed development may impact their department. Specifically, meetings and/or discussions took place with the School Superintendent and School Board Chair, Fire and Police Departments.

V. Local Revenues From Development

A) Property Taxes

Local property taxes provide the bulk of municipal revenues for Weston, totaling 84% of all revenues to the General Fund². Weston’s present tax rate is \$12.59 per \$1,000 valuation. Based upon the extensive apartment portfolio of the Hanover Company, a per unit value of \$315,000 has been estimated, which will generate \$881,300 in yearly property taxes as detailed in Table Two.

Table Two
Estimated Yearly Residential Property Taxes

	Total Units	Value/Unit	Total Value	Property Taxes
518 South Avenue	200	\$350,000	\$70,000,000	\$881,300

B) Miscellaneous Yearly Revenues

² Fiscal Year 2019, BOS Town Meeting Report.

Motor Vehicle Excise Tax - Another major revenue source for the community is motor vehicle excise taxes. In fiscal year 2018 the Town of Weston received a total of \$2,544,000³ from this revenue source. Given the proposed apartment use and the affordable housing component, the estimated tax is discounted⁴ by 50%. Table Three outlines the projected vehicle excise tax of \$112,500 for the proposed project

Table Three
Motor Vehicle Excise Tax

Excise Taxes	# Cars	Value	Total Value
	300	\$30,000	\$9,000,000
	50% x \$4,500,000/1,000		\$4,500
	\$25 x \$4,500		\$112,500

C) Community Preservation Surcharge

The Town of Weston has adopted the Community Preservation Act allowing the community to impose a 3% surcharge on property taxes. Based upon the projected taxes outlined in Table Two, an estimated CPA surcharge of \$26,439 was calculated; Table Four.

Table Four
Community Preservation Surcharge

Property Taxes	% CPA Surcharge	Surcharge
\$881,300	3%	\$26,439

D) Estimated Yearly Project Revenues

The proposed South Street development is estimated to generate \$1,020,239 in local revenues from property tax, excise taxes and CPA Surcharge; Table Five.

³BOS Report to Town Meeting.

⁴ This analysis was development through discussions with a number of town clerks to arrive at a conservative estimate of vehicle excise taxes.

Table Five
Estimated Yearly Revenue

	Total Units	Value/Unit	Total Value	Property Taxes
518 South Avenue	200	\$350,000	\$70,000,000	\$881,300
Excise Taxes				\$112,500
CPA Surcharge				\$26,439
Total Estimated Revenue				\$1,020,239

Additional one-time payment revenues will also be realized as part of the development, these will be detailed further below.

B. Municipal Service Costs

Given the nature of the proposed development project, as will be seen in the analysis below, measurable impacts will be limited to a few key Town departments including schools, police and fire departments. All onsite maintenance will be addressed by the property owner, including access way repairs and trash removal.

Department Impacts

Police & Fire

The Police and Fire Departments will experience some increased demand for services from the proposed project. For fiscal year 2019 (including benefits, retirement and debt service) the Public Safety budget is \$10,300,000. To assess the degree of impact this project would have on these departments, comparable apartment complexes were analyzed. Emergency call data from 2,324 40B apartment housing units was reviewed and averaged to determine the annual numbers of calls per unit. These ratios were then totaled to derive an average call ratio per unit, which was then used to generate projected emergency calls for each department.

Extrapolating from the comparable call data, modest increases are projected in the Town's Police and Fire Department call volume. Annual Police calls are projected to

increase by 75 calls (less than 1% increase, or 1.4 calls per week), annual fire/ambulance calls are projected to increase by 34 calls (1.4% increase, or .65 calls per week), creating marginal operational impacts; Table Six.

Table Six
Projected Emergency Service Calls

Project	Town	Units	Avg. Police Call Per Year	Avg. Call Per Unit	Projected Yearly Calls
The Lodge	Foxborough	250	74	0.296	
Union Place	Franklin	297	73	0.247	
Pembroke Woods	Pembroke	240	92	0.385	
Blue Hills	Randolph	274	148	0.540	
Avalon Newton Highlands	Newton	294	153	0.520	
Avalon Chestnut Hill	Newton	204	67	0.328	
Arborpoint Woodland	Newton	180	22	0.120	
Cloverleaf	Natick	183	82	0.448	
The Gables	Westwood	350	155	0.442	
Hastings Village	Wellesley	52	3	0.058	
Totals		2,324	869	0.374	
Apartments		200			75

Project	Town	Units	Avg. Fire Call Per Year	Avg. Call Per Unit	Projected Yearly Calls
The Lodge	Foxborough	250	26	0.105	
Union Place	Franklin	297	19	0.063	
Pembroke Woods	Pembroke	240	9	0.036	
Blue Hills	Randolph	274	10	0.035	
Avalon Newton Highlands	Newton	294	26	0.088	
Avalon Chestnut Hill	Newton	204	11	0.053	
Arborpoint Woodland	Newton	180	12	0.064	
Cloverleaf	Natick	183	7	0.038	
The Gables	Westwood	350	17	0.049	
Hastings Village	Wellesley	52	2	0.031	
Totals		2,324	137	0.059	
Apartments		200			12
Project	Town	Units	Avg. EMS Call Per Year	Avg. Call Per Unit	Projected Yearly Calls
The Lodge	Foxborough	250	24	0.096	
Union Place	Franklin	297	44	0.148	
Pembroke Woods	Pembroke	240	70	0.293	
Blue Hills	Randolph	274	28	0.101	
Avalon Newton Highlands	Newton	294	26	0.088	
Avalon Chestnut Hill	Newton	204	9	0.044	
Arborpoint Woodland	Newton	180	7	0.036	
Cloverleaf	Natick	183	24	0.131	
The Gables	Westwood	350	26	0.074	
Hastings Village	Wellesley	52	2	0.038	
Totals		2,324	259	0.112	
Apartments		200			22

Meetings were arranged with the Chiefs of both the Fire and Police Departments to discuss the project and gain an understanding of any concerns that may be present. The projected emergency call data was reviewed and discussed, along with potential budget impacts to the departments.

Police Department

Police Chief Goulding was comfortable with the projected calls as they reflected a large cross section of communities. The Chief did not believe it would lead to the need for additional personnel or increase department costs.

To assign some cost as a result of the increased demand for service, a number of options were reviewed including cost per call and cost per capita. Since calls for service provides a clear measure of impact on the Department, this approach was used and results in an estimated annual impact of \$27,900; Table Seven. This cost estimate is not inferring the Police Budget will increase as a result of the proposed development, but assigns a “cost” to account for this new land use in the community.

Table Seven
Police Department Impact

Department	FY 2019 Budget ⁵	Calls ⁶	Cost/call	Est. Calls	Annual Cost
Police	\$5,307,889	14,258	\$372	75	\$27,900

Fire Department

Fire Chief Soar also supported the projected call estimates, noting that they were in line with what he was expecting. Two fire positions have recently been added to the budget and the Chief is hopeful that two additional positions will be funded in the 2020/21 budget year. Existing staffing levels have put a strain on the department, with impacts to overtime and mutual aid occurring.

As with the Police Department, to account for some impact from the proposed development a cost per call ratio was used which provides a gross estimated annual cost of \$71,536; Table Eight.

Table Eight
Gross Fire Department Impact

Department	FY 2019 Budget	Avg. Calls Per Year	Cost/call	Est. Calls	Annual Cost
Fire	\$4,938,110	2,347	\$2,104	34	\$71,536

⁵ Includes benefit costs, debt and special articles, split between Fire/Police, Fin. Comm. 2018 Town Meeting Report.

⁶ Town Report call data, Police and Fire Departments.

The town receives yearly income from ambulance calls and in 2018 collected \$492,120. Based upon the ambulance calls received, the average revenue per call was \$391. Based upon the estimate of 22 EMS calls per year to the proposed development, annual ambulance income is anticipated to be \$8,602; Table 9.

Table 9
Estimated Ambulance Revenue

	2018 Income ⁷	EMS Calls	\$/Calls	Est. EMS Calls	Est. EMS Income
Ambulance Income	\$498,900	1,273	\$391	22	\$8,602

With this income taken into consideration, the net annual Fire Department impact is estimated to be \$62,934.

Other Departments/Revenues:

Building

Building Department costs were not included in this analysis because they are not permanent annual impacts and will be offset by building permit fees. At this time the estimated building permit fee will be \$650,000.

Public Works

All roads within the development will be private and maintained by the apartment complex operator. Solid waste will be handled by a private contractor with no expense incurred by the Town.

Recreation

Although a majority of the Recreation Department’s budget is offset by user fees, 30% is tax payer funded. To account for potential impacts, a per capita cost has been used resulting in an estimated cost of \$12,735; Table 10.

⁷ Town Treasurer.

Table 10
Recreation Department Impact

2019 Budget	Town Population	Per Capita Cost	Estimate Population ⁸	Estimated Cost
\$531,256	12,027	\$45	283	\$12,735

Other Departments

It is not anticipated that measurable impacts will occur to other Town departments and therefore no other costs were analyzed. To be conservative, a \$10,000 cost will be carried to account for potential other impacts.

⁸ Assumes 2.28 persons per unit, based upon US Census data, 2013-2017 ACS. Total estimated population is 456, 62% of town's population participates in recreation programs (2019 TM Budget document), therefore it is assumed that 62% of the apartment population will use the programs, 283 persons.

School Department

The Town of Weston public schools presently have an enrollment of 2,103 students housed in five schools (three elementary, one middle, and one high school). The 2019 Public School budget was \$40,204,288, including vocational school assessments.

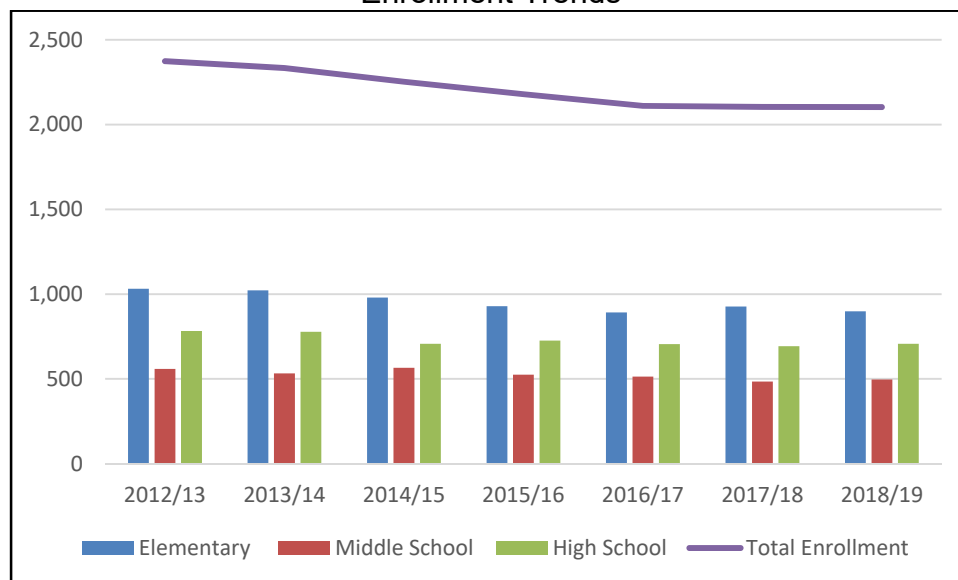
Enrollment History

Overall school enrollment has been declining over the last six years, decreasing 11.42% during this time period (-271 students); Table 11 and Figure Three.

Table 11
Enrollment Trends 2012-2019

	12/13	13/14	14/15	15/16	16/17	17/18	18/19	Decrease since 2012	% Decline
Elementary	1,032	1,022	980	929	892	927	899	133	12.89%
Middle School	559	533	566	525	514	484	497	62	11.09%
High School	783	778	707	726	705	693	707	76	9.71%
Total Enrollment	2,374	2,333	2,253	2,180	2,111	2,104	2,103	271	11.42%

Figure Three
Enrollment Trends



Projected School Enrollment Estimates

To gain an understanding of the community's potential school related fiscal impact, the anticipated number of school children that may be generated by the proposed development was analyzed. The proposed apartment complex will have a mix of one bedroom, two bedroom and three bedroom units; Table 12.

Table 12
Bedroom Mix - Composition

Unit Type	Bedrooms
One Bed Market	75
One Bed Affordable	25
Two Bed Market	59
Two Bed Affordable	20
Three Bed Market	16
Three Bed Affordable	5

To estimate the number of school age children (SAC) that may live in the proposed apartment complex, Fougere Planning has gathered information from a number of comparable projects. Through research of over 1,900 comparable community 40B apartment complexes, actual school enrollment data was obtained for each of the residential properties. As outlined in Table 13, SAC ratios were calculated for both the two/three counts and unit totals for each site.

Table 13
Comparable School Enrollment Estimates

Complex	Total Units	# Two/Three Bedrooms Units	SAC	SAC per 2/3 bed units	SAC All Units - Gross		SAC 2/3 beds	SAC All Units - Gross	Avg.
Concord Mews	350	218(194/24)	113	0.518	0.323		53	65	59
Newton (Three 40B Apt.)	678	467 (352/115)	221	0.473	0.326		48	65	57
Avalon Lexington Hills	387	264(240/24)	231	0.875	0.597		89	119	104
Concord/Newton/Avalon Blend	1,415	949 (786/163)	565	0.595	0.399		60	80	70
518 South Avenue	200	100 (79/21)							
Charles River Landing (Needham)	350	105	28	0.267	0.080				
Lincoln Woods	125	85(72/12)	34	0.400	0.272				
Hastings Village - Wellesley	53	53	14	0.264	0.264				

Although developments located in Needham, Lincoln and Wellesley are included in the above analysis, based upon past discussions with school board members and staff, only those apartment complexes in Concord, Newton and Lexington were reviewed. Based on recent discussions with the School Board Chair and the Superintendent, the enrollment blend of the three communities was used to estimate SAC for the proposed project. Applying the two/three bedroom SAC ratio of .595 to the project generates an estimated 60 school children; applying the gross unit SAC ratio of .399 results with an estimated 80 school age children, resulting in an average estimated school population of **70 children**.

To fully understand current school operations, Fougere Planning arranged a meeting with School Superintendent Midge Connolly and School Board Chair John Henry to discuss the current state of the Town's school system and the proposed development project.

As noted above, the School Chair was comfortable with using the SAC blended enrollment ratios from the three noted communities (Table 16). Although school capacity presently is not an issue, it is not unlimited. The schools have the capacity to add one section per grade level (elementary grade level is 21 students per section). The addition of sections is flexible in that, for example, two sections could be added to one grade level, but adding a section to another grade level would be problematic. Fougere Planning noted that based upon enrollment data from comparable apartment complexes, although a majority of students are within the elementary grade levels, large enrollments within a single grade level have not been seen. The Chair believed that another bus route will have to be added to accommodate these students. He also noted that it is important that the developers assign a liaison with the school department to maintain communication as to when units will become occupied. It is not expected that all of the potential students will appear in the school system simultaneously. If anticipated scheduling is maintained, the first units would become available for leasing in August of 2021, with full lease-up expected by August of 2022.

Using the grade distribution of students presently seen at the comparable communities' schools noted above results in the student enrollment profile outlined in Table 13.

Table 13
Estimated School Age Children – By Grade

Grades	Concord	Newton	Lexington	Blend	Est. SAC
PK - 5	56.0%	46.0%	59.0%	53.67%	38
6 - 8	20.0%	24.0%	20.0%	21.33%	15
9 - 12	24.0%	30.0%	21.0%	25.00%	17
					70

Based upon the estimated enrollment of 70 students, School Staff⁹ reviewed potential increases in teachers (by section), student services, technology and transportation. Based upon a detailed review of potential increased costs from these new students, Weston's School Budget Analyst estimated per student cost of \$6,821 or a total cost of \$477,470.

⁹ Mr. Ben Wilkens, School Budget Analyst, provided estimated costs to educate the total enrollment impact from two proposed 40B projects (163 students), Hanover South Street and Modera Boston Post Road. The South Street development has reduced the proposed number of apartments, reducing the total estimated enrollment to 146. School costs have not been updated to reflect these lower enrollment estimates.

FISCAL SUMMARY

Table 14 summarizes the fiscal impact from the proposed development. Fougere Planning is not suggesting that municipal budgets should be increased to offset the noted costs - these findings - may be viewed as a guide to potential future costs. Any budget increases will be addressed by Town officials as part of the regular annual budget preparation process.

Table 14
Estimated Annual Fiscal Impact

Gross Rev. Taxes, Excise Taxes & CPA	\$1,020,239
Estimated Municipal Costs	
Police	-\$27,900
Fire	-\$62,934
Recreation	-\$12,735
Other Departments	-\$10,000
School Costs	-\$477,470
Total Costs	-\$591,039
Net Annual Positive Fiscal Impact	\$429,200

Summary of Findings

- The proposed development project will result in a net annual positive fiscal impact of \$429,200. Anticipated costs total \$591,039.
- Manageable increased emergency call volume will occur to emergency service departments, with police calls increasing less than 1% a year and fire department calls increasing 1.4%.
- An estimated 70 school age children are anticipated to reside at the proposed project. Past and future enrollment declines at all grade levels have created capacity in the school system and the ability to accommodate these additional children. Total enrollments have declined 11.4% over the last seven years and 12.8% at the elementary level.
- Building permit fees are estimated to total \$650,000.
- Limited measurable impacts are foreseen to other town departments.
- Analysis does not take into account intangible economic benefit of creating additional affordable and market rate housing.