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FOUGERE REPORT

Fiscal Impact Analysis

River's Edge Apartments Wayland, MA

January 12, 2017

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

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**River's Edge Apartments
Wayland, MA**

**FISCAL IMPACT ANALYSIS
Comparative Analysis**

January 12, 2017

Introduction

If an effort to explore opportunities for affordable housing in the community, the Town of Wayland initiated a Request for Proposals (RFP) to redevelop a 7.63 parcel of property located on Boston Post Road presently used by Wayland Department of Public Works (and various other town departments) as an apartment site. This effort has been ongoing for a number of years and has involved a variety of development scenarios. The most recent proposal is for the development of 188 apartment rental units, with 25% of the units being age restricted (+55) and 25% of the units being affordable. Two development groups have responded to the RFP, Baystone Development and WP East. Fougere Planning and Development has been engaged by the Town of Wayland to undertake a Fiscal Impact Analysis to review the fiscal characteristics of these two proposals. This effort will be carried over from the work completed by Connery Associates who provided an analysis of an alternative scenario a fiscal report dated March 15, 2013; similar approaches and methodologies will be used in this report.

Table One outlines the specific apartment breakdown of the two alternative development projects. The Baystone option includes studios, one - three bedroom units and will include 141 non-age restricted (36 affordable) units and 47 age restricted units (11 affordable) units. The WP West proposal provides a mix of one and two bedroom units with a slightly larger age-restricted allocation of 51 units (13 affordable) and 137 non-age restricted units (34 affordable).

**Table One
Apartment Development Scenarios¹**

Baystone			
Market Rate	# Units	Non -Age Restricted	Age Restricted Units
Studio	3	1	2
One Beds	72	54	18
Two Beds	64	48	16
Three Beds	2	2	0
Affordable			
Studio	2	1	1
One Beds	23	18	5
Two Beds	21	16	5
Three Beds	1	1	0
	188	141	47
WP East			
Market Rate	# Units	Non -Age Restricted	Age Restricted Units
One Beds	67	52	16
Two Beds	74	51	22
Affordable			
One Beds	22	17	5
Two Beds	25	17	8
	188	137	51

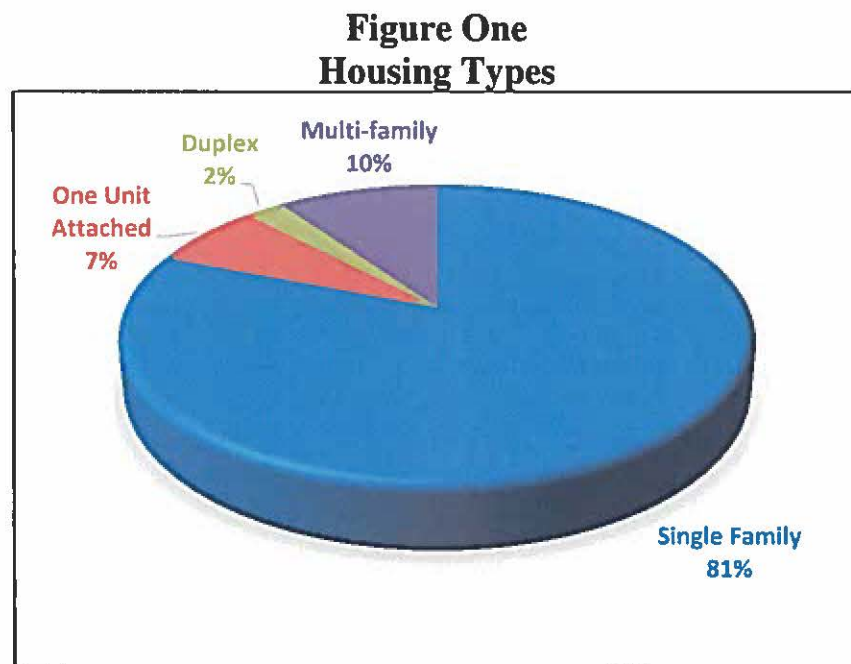
It should be noted that both developments will be operated privately and as such all proposed access ways will be maintained by the owner, along with trash pickup.

¹ Bedroom mix details obtained from the River's Edge Advisory Committee and town's RFP.

Local Trends

Census figures report that from 2000 to 2010 Wayland's population decreased from 13,100 to 12,994, showing negative population growth over the 10 year time period. The most recent population estimates from the US Census Bureau² report a population of 13,294.

A majority of Wayland's housing stock consists of single family homes, with 2014 US Census data reporting 4,350 single family homes out of a total housing stock of 5,373 units; Figure One.



A. Methodology Approach

There are a number of methodologies that are used to estimate fiscal impacts of proposed developments. The Per Capita Multiplier Method is the most often used 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

² 2010-2014 American Factfinder

establish the costs of existing services for the new development. The basic premise of this method is that current revenue/cost ratios per person and per unit is a potential indicator of future revenue/cost impacts occasioned by growth. The advantage of this approach is its simplicity of implementation; however, the downside of this approach is that the methodology calculates the “average” cost as being the expected cost, which is often not the case, and costs can be exaggerated—in some cases significantly. To account for this, we have also used a Marginal Cost Approach methodology to estimate potential actual costs that may occur in the community. In reviewing exclusively those town departments that may realize a measurable impact from the proposed development a truer picture of anticipated costs impacts can be determined. For most new land uses, many department budgets are not measurable impacted in any long term way.

At the beginning of this project, meetings were held with key town department heads and officials. The purpose of these meetings was to outline the fiscal impact approach, as well as to hear from local officials relative to their concerns about present service capacity and how the proposed development scenarios may impact their department. Specifically, meetings and/or discussions took place with the Town Administrator, School Superintendent, Assessing Officials, Fire and Police Departments. In addition, information was provided from the Board of Public Works outlining the cost ramifications associated with losing the use of the subject site.

Local Revenues From Development

A) Property Taxes

Local property taxes provide the bulk of municipal revenues for Wayland, totaling 85% of revenues to the General Fund³. Wayland’s FY 17 tax rate is \$18.14 per \$1,000 valuation. As part of the response to the RFP, each development team submitted a detailed Operating Pro Forma and a Statement of Estimated Tax Revenues. Based on this analysis the Income Approach was used to arrive at an estimated assessed value of the proposed project. Specific details included were projected revenues, operating expenses,

³ Fiscal Year 2015, Town Report page 24.

an assumed vacancy rate (5%) and the use of an 8% Cap Rate; Table Two. The estimated tax rate is based upon stabilization of occupancy for the proposed project.

**Table Two
Estimated Yearly Taxes**

	Baystone	WP East
Gross Revenues	\$5,344,434	\$6,530,156
Less 5% Vacancy	\$267,722	\$326,508
Effective Gross Income	\$5,077,212	\$6,603,648
Operating Expenses 30%	\$1,523,164	\$1,861,095
Net Operating Income	\$3,554,049	\$4,342,554
Estimated Property Assessment - 8% CAP ⁴	\$44,425,613	\$54,281,925
Estimated Property Taxes (\$18.14)	\$805,880	\$984,674
Community Preservation Act Surcharge ⁵	\$12,088	\$14,770
Total Yearly Taxes	\$817,968	\$999,444

Note: The proposals submitted by the two development teams used the old tax rate of \$17.34 to estimate their taxes; based on the old tax rate the Baystone proposal estimated \$770,428 a year in property taxes and WP East \$941,249.

B) Miscellaneous Yearly Revenues

Motor Vehicle Registration

Another major revenue source for the community is from motor vehicle permit fees. In fiscal year 2016 the Town of Wayland received a total of \$2,541,128⁶ from this revenue source, which translated into an average tax of \$186 per registration. Given the proposed apartment use and the affordable housing component, the estimated tax is discounted by 50%. Table Three outlines the projected vehicle registration revenue stream for the proposed project.

**Table Three
Motor Vehicle Permit Fees**

\$93 x 253 vehicles⁷ =	\$23,529
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⁴ The capitalization rate is the rate of return on a real estate investment property based on the income that the property is expected to generate. The capitalization rate is used to estimate the investor's potential return on his or her investment.

⁵ 1.5% Annual Surcharge, \$18.14/\$1,000

⁶Town Treasure/tax collector

⁷ Projected 1.35 vehicles per home.

C) Community Preservation Surcharge

The Town of Wayland has adopted the Community Preservation Act, allowing the community to impose a 1.5% surcharge on a properties tax levy. Based upon the estimated taxes outlined in Table Two, the following CPA surcharge is estimated; Table Four.

**Table Four
Community Preservation Surcharge**

		% CPA Surcharge	Surcharge
Estimated Baystone Taxes	\$817,968	1.5%	\$12,269
Estimated WP East Taxes	\$999,444	1.5%	\$14,991

D) Estimated Yearly Project Revenues

The two alternative development options are estimated to generate a range of \$853,766 to \$1,037,964 in yearly tax revenue from both property tax and automotive permit fees; Table Five.

**Table Five
Estimated Yearly Taxes⁸**

	Baystone	WP East
Estimated Yearly Property Taxes	\$805,880	\$984,674
Estimated Yearly Car Excise Taxes	\$23,529	\$23,529
Estimated CPA Surcharge	\$12,269	\$14,991
Estimated Yearly Tax Revenue	\$841,678	\$1,023,194

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 by the analysis below, measurable impacts will be limited to a few key Town Departments including schools, police and fire, along with DPW. All onsite maintenance will be addressed by the property owner.

⁸ These estimates are based on the current tax rate of \$18.14.

It should also be noted that in many instances existing town resident's move into the new housing project and given the fact that they already live in the community few new demand for services is created. This group could include recent graduates and those who wish to downsize and not leave the community.

Department Impacts

Police & Fire

The Police and Fire Departments will experience some increased demand for services from the proposed project. For fiscal year 2016 including benefits, the Police Department budget was \$3,453,879 and the Fire Department budget was \$3,457,737. To assess the degree of impact this project would have on these departments, comparable apartment complexes were analyzed. Three years of call data from both age and non-age restricted housing units was obtained and averaged to determine the annual numbers of calls per project and per unit. These ratios were then totaled to derive a total average call volume for all units, which was then used to generate projected emergency calls for each Department.

Extrapolating from the comparable call data, negligible increases are projected to the Town's Police and Fire Departments. Annual Police calls are projected to increase by 81 calls (.005% increase), annual fire/ambulance calls are projected to increase by 47 calls (.012%), creating minimal operational impacts; Table Six and Seven.

**Table Six
Projected Police Calls**

Project	Town	Units	Total Police Calls Three Years	Avg. Call Per Year	Avg. Call Per Unit	Projected Yearly Calls	Age Restricted Calls	Total Projected Calls
The Lodge	Foxborough	250	222	74.00	0.296			
Union Place	Franklin	297	220	73.33	0.247			
Fairfield Green	Mansfield	200	437	145.67	0.728			
Pembroke Woods	Pembroke	240	277	92.33	0.385			
Blue Hills	Randolph	274	444	148.00	0.540			
Avalon Oaks	Wilmington	201	375	125.00	0.622			
Avalon Oaks Evergreen	Wilmington	120	301	100.33	0.836			
Totals		1582	2276	758.67	0.48			
Baystone		141				68	14	81
Wood Partners		137				66	15	80

**Table Seven
Projected Fire & Ambulance Calls**

Project	Town	Units	Total Fire Calls Three Years	Avg. Call Per Year	Avg. Call Per Unit	Projected Yearly Calls	Age Restricted Calls	Total Projected Calls
The Lodge	Foxborough	250	79	26.33	0.105			
Union Place	Franklin	297	56	18.67	0.063			
Fairfield Green	Mansfield	200	128	42.67	0.213			
Pembroke Woods	Pembroke	240	26	8.67	0.036			
Blue Hills	Randolph	274	29	9.67	0.035			
Avalon Oaks	Wilmington	201	48	16.00	0.080			
Avalon Oaks Evergreen	Wilmington	120	19	6.33	0.053			
Totals		1582	385	128.33	0.081			
Baystone		141				11	3	15
Wood Partners		137				11	4	15
Project	Town	Units	Total Amb. Calls Three Years	Avg. Call Per Year	Avg. Call Per Unit	Projected Yearly Calls	Age Restricted Calls	Total Projected Calls
The Lodge	Foxborough	250	72	24.00	0.096			
Union Place	Franklin	297	132	44.00	0.148			
Fairfield Green	Mansfield	200	74	24.67	0.123			
Pembroke Woods	Pembroke	240	211	70.33	0.293			
Blue Hills	Randolph	274	83	27.67	0.101			
Avalon Oaks	Wilmington	201	87	29.00	0.144			
Avalon Oaks Evergreen	Wilmington	120	54	18.00	0.150			
Totals		1582	713	237.67	0.150			
Baystone		141				21	11	32
Wood Partners		137				21	12	32

A joint meeting was held with both the Fire and Police Chiefs 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

The Police Chief was comfortable with the projected calls and did not believe it would lead to the need for additional personnel. However, the Chief did state that the increased call volume would further support the need for another officer position that he has been advocating for. The Chief noted that this project, along with others that have been

approved in the community would, over time, lead to a strain on operations. The Chief also noted that if the subject site is sold, the Department would have to travel out of town for officer target practice. Based on an internal analysis of this potential, they believe an increased annual cost of \$11,200 would occur to the Police Department.

To assign some cost as a result of the increased demand for services, 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 \$19,905. With this cost and the new cost associated with traveling out of town for target practice, the total cost impact is estimated to be \$31,105; Table Eight.

**Table Eight
Police Department Impact**

Department	FY 2017 Budget⁹	Calls¹⁰	Cost/call	Est. Calls	Annual Cost
Police	\$3,453,879	14,055	\$245.74	81	\$19,905
Practice Range					\$11,200
Total Cost					\$31,105

Fire Department

The Fire Chief also supported the projected call estimates and thought they were reasonable. Although the Chief thought that the impact from the project alone would not necessitate the need for additional staff, he did note the same concern as the Police Chief that the accumulation of impacts from new development will lead to department impacts over time.

As with the Police Department, to account for some impact from the proposed development a cost per call ratio was used which provides an estimated annual cost of \$42,654; Table Nine.

⁹ Includes benefit costs.

¹⁰ 2015 Town Report call data, Police and Fire Departments.

**Table Nine
Fire Department Impact**

Department	FY 2017 Budget	Calls Per Year	Cost/call	Est. Calls	Annual Cost
Fire	\$3,457,737	3,810	\$907.54	47	\$42,654

The town does receive yearly income from ambulance calls and in 2015 collected \$616,865. Based upon the ambulance calls received in 2015, the average revenue per call was \$540. Based upon the estimate of 32 EMS calls per year, annual ambulance income is anticipated to be \$17,248; Table 10.

**Table 10
Estimated Ambulance Revenue**

	2015 Income	EMS Calls	\$/Calls	Est. EMS Calls	Est. EMS Income
Ambulance Income	\$616,865	1,143	\$539	32	\$17,248

With this income taken into consideration, the net Fire Department impact will be \$25,406.

Other Departments/Revenues:

Building

Building Department costs were not included in this analysis because they are not permanent yearly impacts and will be offset by permit fees which will be \$15 per \$1,000 cost of construction. Depending on actual construction costs and any fee waivers granted for affordable units, building permit revenue will be at least \$400,000 for this project.

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 occurring to the Town. However, given that the Department of Public Works will be losing a storage (laydown) area and as a result, an annual cost to the Departments will occur. In addition, a onetime cost of \$250,000¹¹ will occur to construct a new storage

¹¹ River's Edge FAQ

area. This onetime cost will be for a 3/4 acre site which will be insufficient for DPW's storage needs.

In a memo dated November 17, 2016 the Board of Public Works estimates that annual increase in the DPW budget will occur totaling \$161,500 in operational and capital costs as a result of relocating to another location in the community. Approximately \$130,000 will be to haul materials on site that should never have been stored there and are not considered a cost of the Rivers Edge project, but rather institution of a new and better environmental practice.

Senior Services

A portion of this project will be age restricted but it is expected that many of the residents will still be working. It is not anticipated that this population will take advantage of senior service offered by the community, but to be conservative these costs will be estimated. The 2016 budget for the Council of Aging was \$251,276 and based upon recent Census data, approximately 4,593 residents are over the age of 55. This translates into a per capita cost of \$55 and results in an estimated annual cost impact of \$4,015 for the development (73 persons x \$55).

Other Departments

It is not anticipated that measurable impacts will occur to other town departments and therefore no other costs were analyzed.

School Department

The Town of Wayland Public Schools presently has an enrollment of 2,655 students housed in five schools (three elementary, one middle and high). The 2016 Public School budget was \$36,719,239 which is an increase of 4.3% over 2015 expenditures. In addition to reviewing the impacts from estimated new enrollments the School Department will have to find a new location for the storage of school buses that presently use the DPW.

Enrollment History

Overall school enrollment has remained relatively stable over the last five years, declining 2.25% over this time period (-61 students); Table 11. Recent realignment in the elementary school levels explains the changes in enrollment trends at these grade levels. Elementary age children who reside at River's Edge will attend the Claypit Hill School.

Table 11
Enrollment Trends 2012-2016

	2012	2013	2014	2015	2016	% Change
Claypit Hill	575	577	523	521	541	-5.91%
Happy Hollow	441	437	408	391	387	-12.24%
Loker	200	171	207	263	258	29.00%
Middle	640	663	670	644	638	-0.31%
High	860	842	851	838	831	-3.37%
Total Enrollment	2,716	2,690	2,659	2,657	2,655	-2.25%

Future enrollment projections show increased enrollment levels over the next four years, growing 3.6% by the school year 2020-2021 (+97 students).

Projected School Enrollment Estimates

To gain an understanding of this community's potential school related fiscal impact, the anticipated number of school children that may be generated by the proposed development was analyzed. The two apartment complex options will have a mix of studio, one bedroom, two bedroom and three bedroom units. The studio and one bedroom units do not generate school children and our analysis looks at the impact from the two and three bedroom units. The Baystone project will 67 two and three bedroom units and WP East will have 68 two bedroom units; Table 12.

**Table 12
Bedroom Mix Breakdown**

Baystone		
Market Rate	# Units	Non -Age Restricted
Studio	3	1
One Beds	72	54
Two Beds	64	48
Three Beds	2	2
Affordable		
Studio	2	1
One Beds	23	18
Two Beds	21	16
Three Beds	1	1
	188	141
WP East		
Market Rate	# Units	Non -Age Restricted
One Beds	67	52
Two Beds	74	51
Affordable		
One Beds	22	17
Two Beds	25	17
	188	137

To estimate the number of school age children (SAC) that may live in the proposed apartment complex, the Consultant gathered information from a number of sources. The City of Newton has an extensive database on school children living in apartment complexes that contain affordable units. We believe this data is very conservative and will most likely represent a potential upper estimate of the number of children. Through research of over 1,300 suburban 40B apartment complexes Fougere Planning has gathered school generation data that is more representative for this location. By using both sources, a range of potential students is generated with an estimated school impact ranging from 21 to 31 students: Table 13. Based upon past analysis approximately 50% are generally elementary level students.

**Table 13
School Enrollment Projections**

Newton Schools SAC	
Baystone Proposal	31 Students
WP West Proposal	28 Students

FP & D Data	Total Two/Three Bedroom Units	SAC Per Unit	Est. SAC
Baystone	67	0.313	21
WP East	68	0.313	21

To fully understand current school operations the Consultant arranged a meeting with School Superintendent Paul Stein to discuss the current state of the town’s school system and the proposed development project. The enrollment projections were discussed with the Superintendent and he felt comfortable with the methodology and school children estimates. Although school capacity presently is not an issue, the School District would be able more easily accommodated middle and high students than elementary level students.

Based upon the projected enrollments, the Superintendent was hesitant to estimate the potential impacts on the school system not knowing with certainty what grade levels would be impacted. The elementary school level has specific grade level upper size limit targets and if the new students increased the class size enough, another teacher may have to be hired. After further discussions, the Superintendent felt that carrying the cost for three teachers would cover the upper limit of potential costs to the School District. Considering average salary requirements and benefits, these three positions would total \$249,000 in cost.

As noted previously, if the site is sold a new location to store the 21 school buses will have to be found. The Rivers Edge site was intended as only a temporary location for school buses. The Rivers Edge project makes it imperative to find a permanent home for the buses. The School Department contracted with an engineering firm and has identified locations that, for a one-time cost, may become the permanent school bus parking location for the town.

FISCAL SUMMARY

Table 14 summarizes the fiscal impact from the two development projects, both of which are positive impact ranging from \$382,740 to \$566,938. With a portion of the apartments age restricted, the size of the positive impact finding is not unusual and will most likely be larger than stated. Aside from the DPW cost estimates for a laydown area and School Department cost to park school buses, the other department costs should be viewed as conservative expenses that may not actually be realized by the individual department. The Consultant is not suggesting that budgets should be increased to offset the noted costs, but these findings should be viewed as potential costs and future budget increases will be addressed by town officials.

**Table 14
Estimated Annual Fiscal Impact**

	Baystone	WP East
Gross Rev. Taxes & Car Registrations	+\$853,766	+\$1,037,964
Estimated Municipal Costs		
Police	-\$31,105	-\$31,105
Fire	-\$25,406	-\$25,406
DPW	-\$161,500	-\$161,500
Senior Services	-\$4,015	-\$4,105
School Costs	-\$249,000	-\$249,000
Total Costs	-\$471,026	-\$471,026
Net Annual Positive Fiscal Impact	+\$382,740	+\$566,938

\$841,678	\$1,023,194
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Recurring costs for DPW as a result of the loss of the laydown area are for increased costs of road projects due to inability to store materials on-site. Onetime expenses from the sale of the DPW property will occur for the DPW Department, presently estimated to be \$250,000 along with a new school bus parking area; Table 15.

**Table 15
One Time Expenses Estimates**

New DPW Laydown Area	\$250,000
New School Bus Parking Area	\$140,000 - \$440,000

Summary of Findings

- Both apartment projects have an annual positive fiscal impact, Baystone is estimated to be +\$382,740 and WP East +\$566,938.
- The DPW will incur a onetime expense of \$250,000 to construct a new laydown area and will incur ongoing increased costs primarily for road construction projects. The laydown area is likely to be insufficient to meet DPW's long term needs and future costs are unknown.
- It is expected there will be a one-time cost of \$140,000 to \$440,000 depending on location and surface to create school bus parking.
- An estimated 21 to 31 school age children are anticipated to reside at River's Edge. The School Superintendent believes adequate facility capacity exists to accommodate these new students. The cost of three teachers is being assumed in this Report.
- The onetime purchase price is assumed to be at least \$1.5 million to the town but will be unknown until the conclusion of a 90 day due diligence period during which site costs will be identified.
- A manageable increased emergency call volume will occur to emergency service departments. The Police Department did note that the increased calls will further support their need for an additional officer which has been advocated for in the past.
- Ninety eight of the apartment units will be age restricted (55+) and a minor increase in services may be seen for Senior Services.
- Limited measurable impacts are foreseen to other town departments and therefore increased costs were not forecasted.
- The analysis does not take into account the intangible and actual economic benefits of creating additional affordable and market rate housing.