

Fiscal Impact Analysis

Thorndike Place

Dorothy Road, Arlington, MA

Prepared for: Arlington Land Realty, LLC



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FISCAL IMPACT ANALYSIS

Thorndike Place

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I. Introduction

Fougere Planning and Development has been engaged by Arlington Land Realty, LLC to undertake a Fiscal Impact Analysis to estimate new revenue the Town of Arlington may realize, as well as to evaluate the potential increased service demand costs that might occur, from the development of a 176-unit apartment community proposed on Dorothy Road. As a 40B development, 25% percent of the residences will be designated as Affordable and restricted to households earning up to 80% of the Area Median Income. A majority of the units, 55.6%, will be studio and one-bedroom units which generate few school age children. The 17.6 acre site is currently vacant. A parking garage will be incorporated into the design and the site will accommodate 239 parking spaces. The housing development will be serviced by public utilities. All on-site parking areas and trash pickup will be privately managed and maintained. Table One outlines the proposed apartment unit mix.

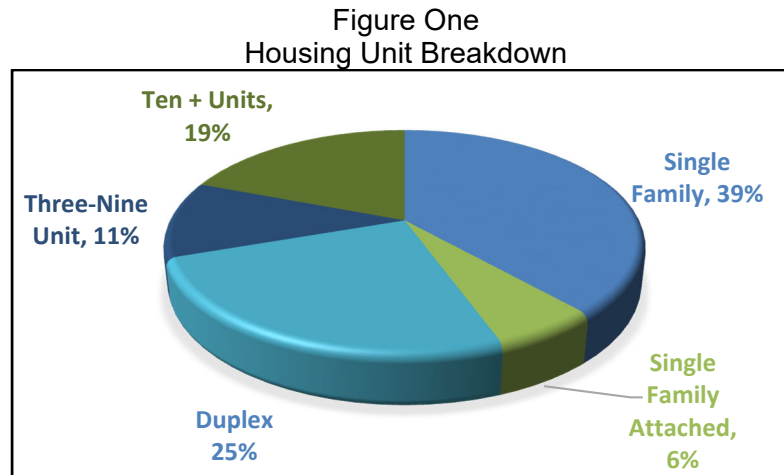
**Table One
Residential Unit Types**

Studio - Market	8
Studio - Affordable	3
One Bed - Market	65
One Bed - Affordable	22
Two Bed - Market	43
Two Bed - Affordable	15
Three Bed - Market	15
Three Bed - Affordable	5
Totals	176

II. Local Trends

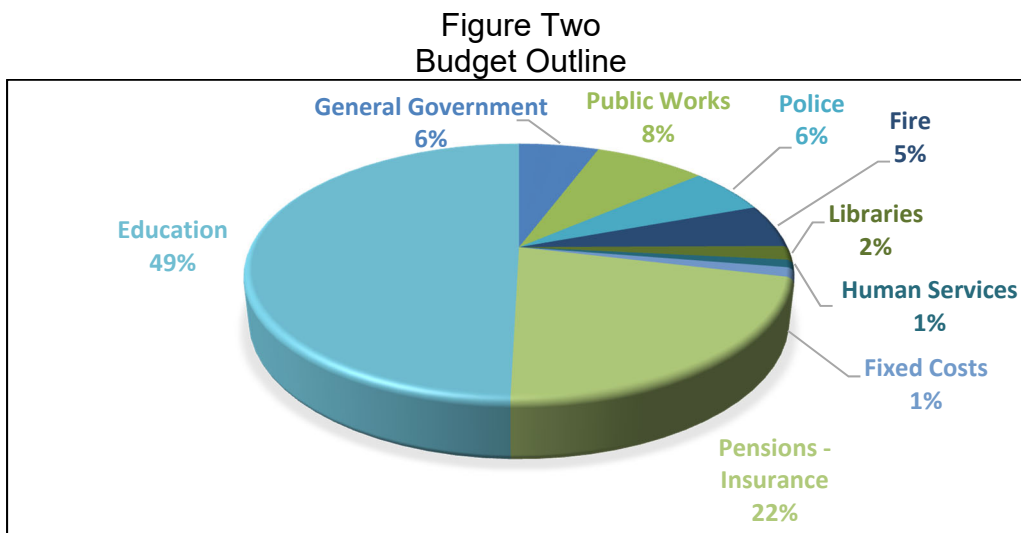
Census figures report that from 2000 to 2010 Arlington's population rose from 42,410 to 42,844, representing a 1.1% increase over the 10-year period. The Census Bureau estimates the 2019 population to be 45,531.

A majority of Arlington's housing stock consists of single family homes. The most recent Census data (2018) reports indicate that out of a total of 18,780 housing units in the community, 7,136 are single family as outlined in Figure One.



Budget

Schools, along with the fire and police departments will realize the most direct and measurable increase in service demands from the proposed project. These departments, as detailed in Figure Two, show some of the largest cost centers in the community and therefore will be the focus of this analysis.



III. Per Capita Methodology & Marginal Cost 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 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. 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 and costs can be understated or exaggerated; significantly in some instances. 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 would be noted as \$18,000/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, a “level of service” exists in Arlington 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 see negligible, if any impacts. In reviewing the potentially impacted town departments specifically, a truer picture of anticipated cost impacts can be determined. The Report will use this methodology unless discussions with Department heads lead to no definitive cost conclusion, in which case the Average Costing Method will be applied.

Given the nature of the proposed development project, as will be shown by the analysis below, few significant impacts will be felt by Town departments. Any required off-site road improvements will be addressed during the approval process. Solid waste generated by this project will be removed by a private hauler. Any construction related or operating utility

expenses will be offset through user fees. All on-site improvements will be private and all maintenance expenses will be paid for by this project owner. This report does not intend to infer that few costs will be incurred as a result of this project. Measurable impacts will certainly be felt by a few Town departments, most notably the School Department along with the Police and Fire Departments. Other town agencies will see little or no measurable impacts.

IV. Local Revenues From Development

1) Property Taxes

Local property taxes provide the bulk of General Fund Revenue for the Town, with FY2021 figures showing that 77.6% will be generated from this revenue source, with the remaining income being received from State Aid, Local Receipts and other sources. The Fiscal Year 2021 Tax Rate is \$11.34.

Based on a review of area market conditions and preliminary rent levels, it is estimated that the proposed apartment development will have an estimated assessed value of \$63,360,000. As outlined in Table Two, property tax revenues are anticipated to equal \$718,502 annually.

Table Two		
Anticipated Property Tax Revenue		
Estimated Assessment	Tax Rate	Property Taxes
\$63,360,000	\$11.34	\$718,502

2) Excise Tax Revenue

Another major revenue source for the community is from motor vehicle excise taxes. In fiscal year 2019, the Town received a total of \$5,332,866¹ from this revenue source. Table Three outlines the projected excise tax revenue stream for the proposed project, which is estimated to be \$99,000 annually.

¹ FY2021 Budget document Local Receipts, 2019 actual revenue, page 34.

Table Three Motor Vehicle Excise Taxes	
Avg. Car Value	\$20,000
Total Cars ²	198
Total Value	\$3,960,000
Excise Rate	\$25/\$1,000
Est. Excise Taxes	\$99,000

3) Community Preservation Surcharge Revenues

The Town of Arlington participates in the Massachusetts Community Preservation Act (CPA) with a surcharge to 1.5% on the total property taxes paid. Based on the estimated property taxes from the proposed development, CPA surcharge revenue is estimated to be \$10,777 annually as outlined in Table Four.

Table Four Estimated CPA Revenue		
CPA	Property Taxes	Estimated CPA Revenue
1.5%	\$718,502	\$10,777

4) Total Project Revenues

The proposed development is expected to generate \$828,279 in annual revenue from both property tax and vehicle excise taxes detailed in Table Five.

Table Five Estimated Gross Revenue	
Estimated Property Taxes	\$718,502
Estimated Excise Taxes	\$99,000
CPA Surcharge	\$10,777
Total Est. Revenue	\$828,279

Other income sources were reviewed for this analysis but were not included in the revenue figures. The Town receives state aid from a number of sources based upon each town's population and school enrollments. The anticipated new residents will create demand for local retail and other services, thereby creating a positive impact on the local economy. In addition, one- time building permit fees³ are estimated to be tens of thousands of dollars, and the construction economy will be enhanced from this new development project.

² Professional opinion estimate: .75 vehicle per studio unit, 1 per one bed, 1.25 per two bed and 1.5 per three bed.

³ \$20/\$1,000 for first \$15,000,000 and \$5/\$1,000 for remaining.

V. Department Impacts

As noted above, the Police, Fire and School Departments account for a significant percentage of the Town's operating expenses. These Departments employ the largest number of personnel and have the most dramatic impact on the Town's budget. Given the large budgetary impact these Departments have on the Town, they are closely analyzed in this Report.

Police & Fire

Both the Police and Fire Departments will see an upturn in activity from the proposed residential community, with increased demand for services being attributed to the new project. To gain a firm understanding of the degree of impact this project may have on these departments, over 2,900 40B apartment units were analyzed as to the emergency call volume generated by these land uses; two Arlington⁴ apartment complexes were also reviewed. The data was calculated to arrive at an average emergency call ratio per unit, which was then used to generate projected emergency calls for each department. Extrapolating from the comparable call data, slight increases are projected in the Town's Police and Fire Departments call volume. Table Six outlines the findings from this research.

Table Six
Estimated Annual Police-Fire-Ambulance Emergency Calls⁵

Agency	Avg. Call Per Unit	Proposed Apartments	Estimated Calls
Police	0.377	176	66
Fire	0.068	176	12
Ambulance	0.105	176	18

Police Department

Police Department calls are estimated to increase by 66 calls annually or slightly more than 1 call per week. To put the call volume into perspective, the Department received approximately 27,649 calls⁶ in 2019 (531 per week). The Police Department's Fiscal Year 2021 Budget was \$8,451,748.

⁴ Both Arlington apartment complexes have less than 25% affordable units, Arlington 360: 10% & Brigham Square 14%.

⁵ Complete list of emergency call data to apartment complexes is provided in Appendix.

⁶ 2019 Town Report, Calls for Service. In 2018 there were 29,880 calls for service.

To gain an understanding of the impact of this project on the Police Department, we reached out to Police Captain Jim Curran. The Captain believed the estimated calls were reasonable along with the estimated costs applied to the project.

In order to account for some costs related to the new use, a number of options were reviewed including department cost per capita and per housing unit. As emergency calls are a reliable metric that provides a more realistic measure of demand for service, we will use this average costing method to allocate costs to the apartment use. Dividing the Police Budget by annual calls generates a cost per call. This cost is then multiplied by the estimated calls from the apartment neighborhood, resulting in an estimated cost of \$20,196 as outlined in Table Seven.

Table Seven
Estimated Police Department Costs

Budget	Police Calls	Cost Per Call	Est. Calls	Est. Cost
\$8,451,748	27,649	\$306	66	\$20,196

Fire Department

A much more modest call volume increase is anticipated for the Fire Department, with 12 fire calls and 18 ambulance calls projected, for a total of 30 calls annually (.57 calls per week). In 2019 the Department responded to 5,046 incidents⁷ (97 calls per week), with 3,183 being noted as EMS. The Departments 2021 operating Budget was \$7,754,729.

We discussed the project with Fire Prevention Deputy Ryan Melly. The Deputy thought the estimated calls were reasonable and relate to existing projects found in the community. The Deputy did not see any issues related to the ability to properly respond to incidents at the proposed complex. A full review of the project will be undertaken once the site plan is submitted to the Town. Staffing levels have remained stable.

As with the Police Department, in order to account for some cost impacts, we calculated the cost per Fire Department call to arrive at a gross operational cost as outlined in Table Eight.

Table Eight
Estimated Gross Fire Department Costs

Budget	Fire Calls	Cost Per Call	Est. Calls	Est. Cost
\$7,754,729	5,046	\$1,537	30	\$46,110

⁷ 2019 Town Report, in 2018 5,553 calls were reported (3,177 EMS).

Ambulance income is a source of revenue generating \$538,195 in 2019⁸, or \$169 per call⁹. As outlined above, the new apartment complex is estimated to generate 18 annual EMS calls, resulting in \$3,042 in revenue. Deducting these funds from the gross estimated cost, results in a net Fire Department expense of **\$43,068**.

Other Town Departments

Given the minimal impacts associated with the proposed apartment complex on other Town Departments, few additional financial impacts are anticipated. All trash and snow removal will be privately maintained. Building permit fees are estimated to be tens of thousands of dollars¹⁰ (\$20 per \$1,000 up to \$15,000,000 the \$5 per \$1,000) which will more than offset cost impacts to the Building Department. To assign some costs to miscellaneous expenses that may incur to the Town, we have allocated a general government impact¹¹ of \$13,200 for this project.

School Department

The School Department's budget is the largest in the Town, with a Fiscal 2021 budget of \$75,570,531, representing 51.7% of the Town's total budget. As previously outlined, the proposed apartment complex will total 176 units, with 55.6% consisting of studios and one bedroom units as detailed in Table Nine.

Table Nine Residential Unit Types	
Studio - Market	8
Studio - Affordable	3
One Bed - Market	65
One Bed - Affordable	22
Two Bed - Market	43
Two Bed - Affordable	15
Three Bed - Market	15
Three Bed - Affordable	5
Totals	176

⁸ FY2021 Budget Local Receipts, page 31.

⁹ 2019 EMS calls 3,183.

¹⁰ Building permit fees for Arlington 360 totaled \$54,000.

¹¹ \$75 per unit.

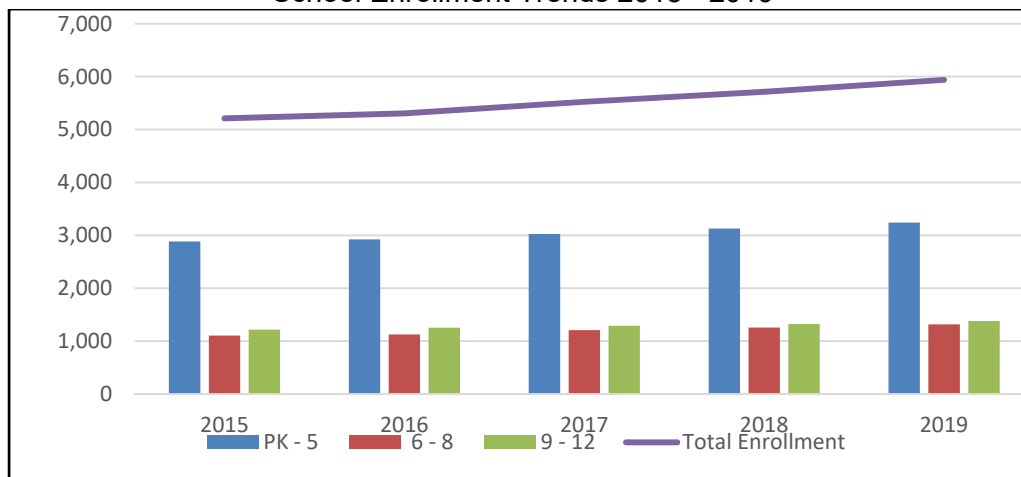
Schools and Enrollment

Arlington's school enrollments have been growing over the last five years and as outlined in Table Ten and Figure Three, all grade level groupings have seen increases. The middle school has experienced the largest percentage increase over this time period. A new high school is presently under construction and is expected to be completed in 2024. The new building will have a capacity of 1,755 students.

Table Ten
School Enrollments 2015 - 2019

	2015	2016	2017	2018	2019	% Change
PK - 5	2,884	2,924	3,026	3,128	3,241	12.38%
6 - 8	1,107	1,127	1,208	1,258	1,318	19.06%
9 - 12	1,217	1,253	1,290	1,325	1,380	13.39%
	5,208	5,304	5,524	5,711	5,939	14.04%

Figure Three
School Enrollment Trends 2015 - 2019



The proposed development includes a mix of studio, one, two and three bedroom apartment units, with 25% set aside as affordable (as required by 40B provisions). Based on our database of over 3,700 40B apartment units in the region as detailed in Table Eleven, we are estimating that the proposed development will generate an average of 35 school age children (SAC) annually. As noted above, 51.7% of the units will be studio and one-bedroom units that generate few school age children. Two local apartment developments were also reviewed, but they do not contain 25% affordable units (Arlington 360: 10% and Brigham Square: 14%). Based

on these two Arlington apartment enrollment profiles¹², it is anticipated that approximately 67% of the students will be of elementary school age as outlined in Table Twelve.

Table Eleven
Estimated School Age Children

Complex	Total Units	SAC	SAC/ Unit
Arlington 360 - Garden	256	26	0.102
Brigham Square	119	32	0.269
	375	58	0.155
Pembroke - Woods	240	49	0.204
Bedford Village at Taylor Pond	200	39	0.195
Avalon at Bedford Center	139	52	0.374
North Andover - Berry Farms	196	49	0.250
Heritage at Bedford Springs	164	63	0.384
Hingham Avalon Shipyard - Garden	86	12	0.140
Newton (Three Complexes)	678	239	0.353
Charles River Landing (Needham)	350	28	0.080
Cirrus Apartments Ashland	398	40	0.101
Westwood Gables	350	43	0.123
Lincoln Woods	125	34	0.272
Quinn 35 Shrewsbury	250	16	0.064
Cloverleaf Natick	183	32	0.175
Avalon Natick	406	46	0.113
Total Averages	3,765	742	0.197
Thorndike Place	176	35	

Table Twelve
Estimated Enrollment Profile

PK - 5	67.16%	23
6 - 8	16.42%	6
9 - 12	16.42%	6

Based upon past discussions¹³ with the School Department's Chief Financial Officer Michael Mason, Mr. Mason believed carrying an expense of \$10,463 per pupils was reasonable. This cost is based on the Town's current 5-year plan and formula to fund the school department; 25% of fixed costs such as administration, facilities and other indirect

¹² Arlington 360 & Brigham Square

¹³ Summer 2020, relative to a proposed 40B apartment complex

costs were removed to arrive at the per student expense. Given these costs considerations, total school expenses are estimated to be \$366,205, as outlined in Table Twelve.

Table Thirteen
Average Estimated School Costs

$$35 \text{ Students} \times \$10,463 \text{ per} = \$366,205$$

SUMMARY

As outlined below in Table Fourteen, this fiscal impact analysis indicates that there will be a net positive revenue impact related to construction of the proposed development.

Table Fourteen Fiscal Summary	
Gross Projected Revenues	\$828,279
Total Municipal Costs	
Police	-\$20,196
Fire	-\$43,068
Other General Fund Impacts	-\$13,200
Schools	-\$366,205
Total Costs	-\$442,669
Net Positive Fiscal Impact Range	+\$385,610

Key findings supporting this development include:

- The proposed apartment complex will generate approximately \$828,279 in gross revenues per year. Taking into consideration estimated municipal costs, the proposed project will yield a positive net revenue of \$385,610 annually.
- The site's estimated assessed value will increase substantially from \$7,533,400 to \$63,360,000, 1 741% increase in property value.
- Property taxes will increase 708%; rising from \$88,828 to \$718,502.
- Twenty-five percent, 44 units, of the 176 apartments will be set aside as affordable units in perpetuity.
- All on-site maintenance and trash collection will be private.
- Calls to the Police Department are projected to increase by 66, compared with an annual Town wide call volume of 27,649.
- The Fire Department is expected to receive approximately 30 calls a year from the proposed apartment complex, adding to the 5,046 calls a year that are presently received by the Department.
- It is estimated that 35 school age children will live at the apartment complex.
- Both short-term and long-term positive economic benefits are anticipated to occur, with construction related jobs being created and local business activity enhanced with new residents living in the community.
- Building permit fees will generate tens of thousands of dollars in one-time revenues.

Appendix

Estimated Annual Police Calls

Project	Town	Units	Avg. Police Calls Per Year	Avg. Call Per Unit	Projected Yearly Calls
Arlington 360	Arlington	274	62	0.226	
Brigham Square	Arlington	119	24	0.202	
Lynnfield Commons	Lynnfield	200	73	0.365	
The Lodge	Foxborough	250	74	0.296	
Union Place	Franklin	297	73	0.247	
Fairfield Green	Mansfield	200	146	0.728	
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		3,117	1,174	0.377	
Thorndike Place		176			66

Estimated Annual Fire/EMS Calls

Project	Town	Units	Avg. Fire Calls Per Year	Avg. Call Per Unit	Projected Yearly Calls
Arlington 360	Arlington	274	12	0.044	
Brigham Square	Arlington	119	6	0.050	
The Lodge	Foxborough	250	26	0.105	
Union Place	Franklin	297	19	0.063	
Fairfield Green	Mansfield	200	43	0.213	
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		2,917	198	0.068	
Thorndike Place		176			12
Project	Town	Units	Avg. EMS Calls Per Year	Avg. Call Per Unit	Projected Yearly Calls
Arlington 360	Arlington	274	14	0.051	
Brigham Square	Arlington	119	8	0.067	
The Lodge	Foxborough	250	24	0.096	
Union Place	Franklin	297	44	0.148	
Fairfield Green	Mansfield	200	25	0.123	
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		2,917	306	0.105	
Thorndike Place		176			18