

Fiscal Impact Analysis

Oriole Landing Lincoln, MA

January 22, 2018

Prepared By
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Prepared For
Civico Development

EXHIBIT A

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1. Introduction

Civico is proposing, through a Zoning Map amendment initiative, to develop a 60-unit apartment home community located in two buildings located at 0-1 Mary's Way. "Oriole Landing" is proposed on a 6-acre Oriole Farm site situated adjacent to the Lincoln/Concord Rt. 2 interchange. This fiscal impact report will analyze potential revenue streams from the proposed residential development, along with impacts that may occur to individual town departments.

Table One outlines the specific apartment breakdown, 25% of the units (15) will be affordable. Thirty units will be one-bedroom and 30 units will contain two-bedrooms.

**Table One
Apartment Development Unit Breakdown**

Unit Type	# Units
One Bed Market	22
One Bed Affordable	8
Two Bed Market	23
Two Bed Affordable	7
Total Units	60

EXHIBIT A

It should be noted that this development will operate privately and as such, all proposed access ways will be maintained by the owner, along with trash disposal. Public water will be provided and wastewater will be addressed with onsite septic system.

II. Methodology Approach

There are a number of methodologies that can be used to estimate the 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 applied to establish the costs of existing services for new development. The basic 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. The advantage of this approach is its simplicity of implementation; however, its downside is that it calculates the “average” cost as being the expected cost. This 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 costs. 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 measurably impacted in any long term way.

III. Local Revenues From Development

A) Property Taxes

Local property taxes provide the bulk of municipal revenues for Lincoln. Lincoln’s present tax rate is \$12.60 per \$1,000 valuation. A project Pro Forma has been developed for the proposed project which, based upon revenue and expenses, has estimated a value of \$16,019,852. Based upon this value, first year tax payments are projected to be \$217,870.

B) Miscellaneous Yearly Revenues

Motor Vehicle Excise Tax - Another major revenue source for the community is motor vehicle excise taxes. Given the proposed apartment use and the affordable housing component, the estimated tax is discounted¹ by 50%. Table Two outlines the projected vehicle excise tax for the proposed project.

**Table Two
Motor Vehicle Excise Tax**

# Cars	Value	Total Value
75	\$35,000	\$2,625,000
50% x \$2,625,000/1,000		\$1,313
\$25 x \$1,313		\$32,813

C) Community Preservation Surcharge

The Town of Lincoln has adopted the Community Preservation Act allowing the community to impose a 3% surcharge on property taxes. Based upon the projected taxes outlined above, an estimated CPA surcharge of \$6,498 was calculated as follows in Table Three.

**Table Three
Community Preservation Surcharge**

Property Taxes	% CPA Surcharge	Surcharge
\$217,870	3%	\$6,536

D) Estimated Yearly Project Revenues

The proposed Oriole Landing development is estimated to generate \$252,861 in local revenues from property tax, excise taxes and CPA Surcharges as summarized in Table Four.

**Table Four
Estimated Yearly Revenue**

Estimated Taxes	
Residential	\$217,870
Vehicle Excise	\$32,813
CPA Surcharge	\$6,536
Total	\$257,219

¹ This analysis was developed through discussions with a number of town clerks to arrive at a conservative estimate of vehicle excise taxes.

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

IV. 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 road 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 2018 the Police Department's budget was \$1,637,707 and the Fire Department/EMS budget was \$1,560,107. To assess the degree of impact this project would have on these departments, comparable apartment complexes were analyzed. Three years of emergency call data from 1,582 apartment-housing units² was obtained and averaged to determine the annual numbers of calls per unit. These ratios were then totaled to derive an average call volume per unit, which was then used to generate projected emergency calls for each Department.

Extrapolating from the comparable call data, slight increases in calls are projected in the Town's Police and Fire Department call volume. Annual Police calls are projected to increase by 29 calls (.55 calls per week), annual fire/ambulance calls are projected to increase by 14 calls (.26 calls per week), creating marginal operational impacts as detailed in Table Five.

² The apartment units studied contain 25% affordable units.

**Table Five
Projected Emergency Service Calls**

60 Units	Average Call Per Unit Per Year	Estimated Yearly Calls
Police Calls	.48	29
Fire Calls	.081	5
EMS Calls	.150	9

Police Department

To assign a cost for the increased demand on 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 \$4,263; Table Six. This cost estimate is not inferring the Police Budget will increase because of the proposed development, but assigns a “cost” to account for this new land use in the community. It is expected that this minor increase in call volume can be absorbed by current police department coverage.

**Table Six
Police Department Impact**

Department	FY 2017 Budget	Calls ³	Cost/call	Est. Calls	Annual Cost
Police	\$1,637,707	11,163	\$147	29	\$4,263

Fire Department

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 \$14,378; Table Seven.

³ 2016 Town Report call data, Police and Fire Departments.

**Table Seven
Gross Fire Department Impact**

Department	FY 2017 Budget	Calls Per Year	Cost/call	Est. Calls	Gross Annual Cost
Fire/EMS	\$1,560,107	1,520	\$1,027	14	\$14,378

The town receives yearly income from ambulance calls and in 2017 collected \$270,000. Based upon the ambulance calls received in 2017, the average revenue per call was \$356. Based upon the estimate of nine EMS calls per year to the proposed development, annual ambulance income is anticipated to be \$13,204. With this income taken into consideration, the net annual Fire Department impact is estimated to be **\$11,174**.

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.

Public Works

All roads within the development will be private and maintained by the apartment complex operator. A private contractor will handle solid waste with no expense incurred by the Town.

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 \$5,000 cost will be carried to account for potential other impacts.

School Department

The Town of Lincoln’s public schools presently have a K – 8 enrollment of 544 students. Lincoln high school students attend Lincoln-Sudbury Regional High School.

Enrollment History

Overall K – 8 school enrollment has been declining over the last seven years, decreasing 12.52% during this time period (-77 students); Table Eight. Total enrollments are comprised of four population groups, with the resident population comprising a majority of the total. A large majority of this enrollment decline has occurred in resident enrollments, declining 13.52% over the last seven years (68 children).

Table Eight
Enrollment Trends⁴ 2011-2017

Grade K - 8	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% Change
Resident	503	496	481	481	470	461	435	-13.52%
METCO	91	91	88	86	88	89	84	-7.69%
Employee	15	15	26	23	32	23	16	6.67%
Case	6	6	7	2	6	4	3	-50.00%
Total	615	608	602	592	596	577	538	-12.52%

This declining enrollment trend is also occurring at the Lincoln-Sudbury Regional High School, with future enrollment estimated⁵ to decline 9.4% by the year 2023.

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 proposed apartment complex will have a mix of one-bedroom and two-bedroom units. The one-bedroom units do not generate schoolchildren and this analysis looks at the impact from the 30 two bedroom units.

⁴ Lincoln School Department Data.

⁵ Lincoln-Sudbury Regional High School Superintendent FY2019 Budget Presentation, 2016 enrollment.

To estimate the number of school age children (SAC) that might live in the proposed apartment complex, Fougere Planning has gathered information from a number of sources. Through research of over 1,300 suburban apartment complexes with affordable components, school generation data estimates that these types of communities will generate .313 SAC per unit. Given the unique economic conditions in Lincoln, Fougere Planning explored more comparable communities that have affordable apartment housing complexes including Lincoln Woods; Table Nine.

**Table Nine
Comparable School Enrollment Estimates**

Complex	Total Units	# Two/Three Bedrooms Units	SAC	SAC per unit
Foxborough The Lodge	250	92	24	0.261
Mansfield-West Village	200	108 (100/8)	41	0.380
Pembroke - Woods	240	150	49	0.327
Wilmington - Avalon Oaks	201	142 (118/24)	62	0.437
Wilmington - Avalon Evergreen	120	72 (60/12)	22	0.306
Franklin - Union Place	297	222 (192/30)	48	0.216
Total / Averages	1,308	786	246	0.313
Bedford Village at Taylor Pond	204	85 (85, 0)	34	0.216
Concord Mews	350	218 (194/24)	113	0.518
Charles River Landing (Needham)	350	105 (105/0)	28	0.267
Lincoln Woods	125	85 (72/12)	32	0.376

The proposed apartment development will only have one and two-bedroom units, which generate fewer school age children (SAC) than three bedroom units. Charles River Landing or Taylor Pond would be the most compatible development (generating 8 and 7 SAC respectively), but to be conservative the Concord Mews per unit SAC of .518 was used in this analysis, resulting in an estimated 16 SAC (15.54). If the local Lincoln Woods apartment complex is used as a comparable, an estimated 12 (11.28) SAC would be generated by the proposed apartment complex. It is noted that Lincoln Woods includes 12 3-bedroom apartments, which likely generates 12 SAC from those 3-bedroom units. Adjusting the Lincoln Woods complex with no 3-bedroom units (20/72 units = .285 SAC unit), Oriole Landing could be expected to generate 9 SAC based on Lincoln Woods statistics. Using these examples, a range of 9 - 16 school age children may reside within the proposed apartment complex. Given that both the Concord and Lincoln apartment comparisons have three-

bedroom units, these estimates are very conservative. Based upon enrollments from other communities, it can be expected that 70-80% of the students will be in grades K – 8 and spread out through various grade levels.

Based upon information provided by school staff, the cost of a teacher in Lincoln is \$100,000. Based upon Lincoln’s class size policies, the anticipated number of students will be less than a full class size⁶. To account for some school related costs, Fougere Planning will include a school cost ranging from \$60,000 - \$100,000 to cover potential teacher salaries. Given the declining enrollment trend, the need for additional staff is unlikely, there were 26 less students enrolled in grades K – 8 this school year alone.

FISCAL SUMMARY

Table Ten summarizes the fiscal impact from the proposed development. Fougere Planning 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 Ten
Estimated Annual Fiscal Impact**

Gross Rev. Taxes, Excise Taxes & CRA	\$252,861
Estimated Municipal Costs	
Police	-\$4,263
Fire	-\$11,174
Other Depts.	-\$5,000
School Costs	\$60,000 - \$100,000
Total Costs	\$137,424 – 177,424
Net Annual Positive Fiscal Impact	\$75,437 - 115,437

⁶ K-18 students, grade 1-20, grades 2/3-21, grades 4/5-22 & grades 7/8-24.

Summary of Findings

- Anticipated costs may range from \$137,421 - \$177,424.
- Expected income from real estate taxes, CPA surcharge and excise is \$257,219.
- The proposed development project will result in a net annual positive fiscal impact range from \$79,795 to \$119,798.
- Manageable increased emergency call volume will occur to emergency service departments, with police calls increasing a year an average of .55 calls per week (29 calls per year) and fire/ems calls increasing an average of .26 calls per week (14 call per year).
- An estimated 9 - 16 school age children are anticipated to reside at Oriole Landing. Past and future enrollment declines at all grade levels have created capacity in the school system and the ability to accommodate these additional children.
- 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, such as diversifying the housing stock, local spending, and providing housing for seniors and young professionals.