

Fiscal Impact Analysis

518 South Ave.
Weston, MA

September 29, 2021

Prepared By
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Prepared For
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Weston, MA**

FISCAL IMPACT ANALYSIS¹

September 29, 2021

I. Introduction

518 South Ave., LLC is proposing a Comprehensive Permit application involving the construction of a residential apartment building containing a total of 180 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 three and four stories with a basement with a total of 293 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. 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 (45) designated as affordable under the 40B provisions. A variety of one, two and three bedroom units will be constructed, with 57.7% of the units being one bedroom.

¹ This Report is an update to the June 25, 2019 & July 25, 2021 (reduction in unit count from 200 to 180) analysis.

Table One
Apartment Development Unit Profile

| Unit Type | Bedrooms |
|----------------------|----------|
| One Bed Market | 78 |
| One Bed Affordable | 26 |
| Two Bed Market | 41 |
| Two Bed Affordable | 14 |
| Three Bed Market | 16 |
| Three Bed Affordable | 5 |
| Total | 180 |

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.

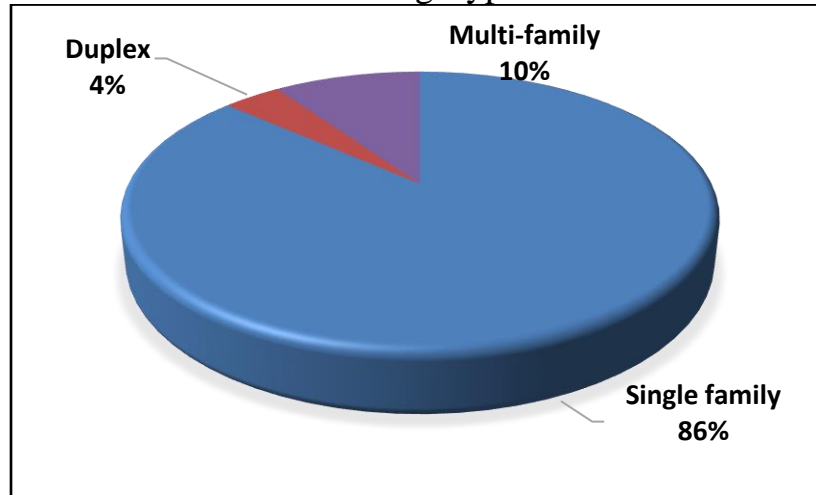
II. Local Trends

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 Bureau² report a population of 12,067, 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 3,450 single family homes out of a total housing stock of 4,012 units; Figure One.

² 2018 Census data

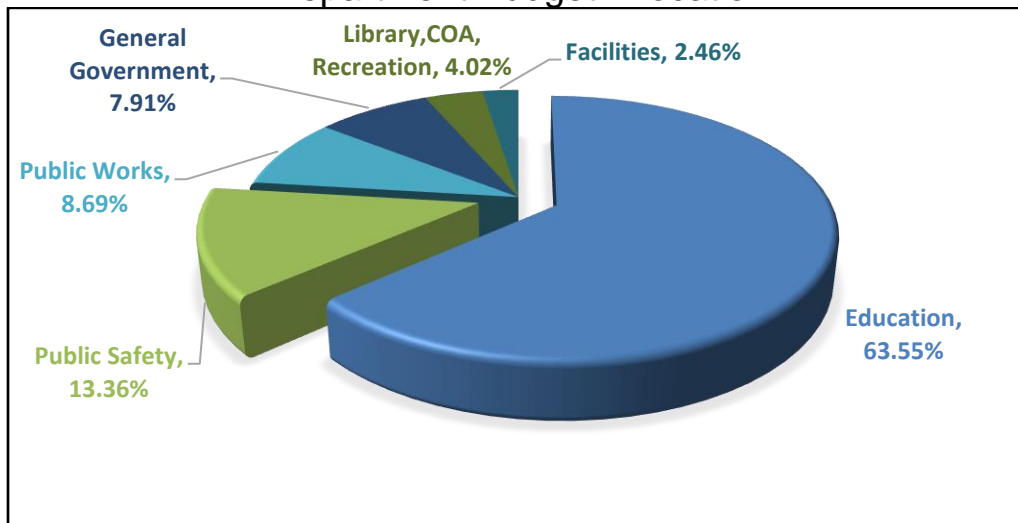
Figure One
Housing Types



III. Budget History

Weston's total operating budget for 2020 is \$91,853,564, with 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. For this update, these departments were contacted directly again.

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 Fund³. Weston’s present tax rate is \$12.98 per \$1,000 valuation. Based upon the extensive apartment portfolio of the Hanover Company, a per unit value of \$318,000 has been estimated, which will generate \$742,975 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 Ave. | 180 | \$318,000 | \$57,240,000 | \$742,975 |

³ Fiscal Year 2019, BOS Town Meeting Report.

The existing three properties are presently assessed for \$1,631,900, generating \$21,182 in annual property tax revenue. The proposed development program will increase property tax revenues by \$721,793.

B) Miscellaneous Yearly Revenues

Motor Vehicle Excise Tax - Another major revenue source for the community is motor vehicle excise taxes. In fiscal year 2019 the Town of Weston received a total of \$3,240,593⁴ from this revenue source. Given the proposed apartment use and the affordable housing component, the estimated tax is discounted⁵ by 50%. Table Three outlines the projected vehicle excise tax of \$101,250 for the proposed project

Table Three
Motor Vehicle Excise Tax

| # Cars | Value | Total Value |
|-------------------------|----------|-------------|
| 270 | \$30,000 | \$8,100,000 |
| 50% x \$4,050,000/1,000 | | \$4,050 |
| \$25 x \$4,050 | | \$101,250 |

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 \$22,289 was calculated; Table Four.

Table Four
Community Preservation Surcharge

| Property Taxes | % CPA Surcharge | Surcharge |
|----------------|-----------------|-----------|
| \$742,975 | 3% | \$22,289 |

⁴BOS Report to Town Meeting.

⁵ This analysis was developed through discussions with a number of town clerks to arrive at a conservative estimate of vehicle excise taxes.

D) Estimated Yearly Project Revenues

The proposed South Avenue development is estimated to generate \$866,514 in local revenues from property tax, excise taxes and CPA Surcharge; Table Five.

Table Five
Estimated Yearly Revenue

| | Total Units | Value/Unit | Total Value | Property Taxes |
|--------------------------------|-------------|------------|--------------|------------------|
| 518 South Avenue | 180 | \$318,000 | \$57,240,000 | \$742,975 |
| Excise Taxes | | | | \$101,250 |
| CPA Surcharge | | | | \$22,289 |
| Total Estimated Revenue | | | | \$866,514 |

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 2020 (including benefits, retirement and debt service) the Public Safety budget is \$12,900,000. Recent activity shows that the Police Department responds to 16,295 calls per year and the Fire Department 2,524 calls. 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 67 calls (less than 1% increase, or 1.2 calls per week), annual fire/ambulance calls are projected to increase by 31 calls (1.2% increase, or .59 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 | | 180 | | | 67 |

| 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 | | 180 | | | 11 |
| | | | | | |
| 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 | | 180 | | | 20 |

Meetings were arranged with the Chiefs of both the Fire and Police Departments to update past discussions of the project and gain an understanding of any new issues that may have arisen over the past two years. The projected emergency call data was again reviewed and discussed, along with potential budget impacts to the departments.

Police Department

Police Chief Goulding remained 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 **\$27,336** as outlined in 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 2021 Budget ⁶ | Calls ⁷ | Cost/call | Est. Calls | Annual Cost |
|------------|--------------------------------|--------------------|-----------|------------|----------------|
| Police | \$6,646,615 | 16,285 | \$408 | 67 | \$27,336 |

Fire Department

The Fire Chief Soar continued to support 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 one additional position was funded last year. The Chief did not have any new concerns relative to the proposed development. Staff would be reviewing specifics of the plan at the appropriate time.

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 \$76,787 as detailed in Table Eight.

⁶ Includes benefit costs, debt and special articles, split between Fire/Police, Fin. Comm. 2020 Town Meeting Report.

⁷ Town Report call data, Police and Fire Departments.

Table Eight
Gross Fire Department Impact

| Department | FY 2021 Budget | Avg. Calls Per Year | Cost/call | Est. Calls | Annual Cost |
|------------|-------------------|------------------------|-----------|------------|----------------|
| Fire | \$6,253,375 | 2,524 | \$2,477 | 31 | \$76,756 |

The town receives yearly income from ambulance calls and in 2020 collected \$539,422. Based upon the ambulance calls received, the average revenue per call was \$419. Based upon the estimate of 20 EMS calls per year to the proposed development, annual ambulance income is anticipated to be \$8,380 as outlined in Table Nine.

Table Nine
Estimated Ambulance Revenue

| | 2020 Income ⁸ | EMS Calls | \$/Calls | Est. EMS Calls | Est. EMS Income |
|---------------------|-----------------------------|--------------|----------|-------------------|--------------------|
| Ambulance Income | \$539,422 | 1,287 | \$419 | 20 | \$8,380 |

With this income taken into consideration, the net annual Fire Department impact is estimated to be **\$68,407**.

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 \$600,000.

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.

⁸ Town Treasurer.

Recreation

Although a majority of the Recreation Department's budget is offset by user fees, 30% is tax payer funded. As detailed in Table Ten, to account for potential impacts, a per capita cost has been used resulting in an estimated cost of **\$9,652**.

Table Ten
Recreation Department Impact

| 2020 Budget | Town Population | Per Capita Cost | Estimated Population ⁹ | Estimated Cost |
|-------------|--------------------|--------------------|--------------------------------------|-------------------|
| \$457,818 | 12,067 | \$38 | 254 | \$9,652 |

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 \$13,500 cost¹⁰ will be carried to account for potential other impacts.

⁹ Assumes 2.28 persons per unit, based upon US Census data, 2013-2017 ACS. Total estimated population is 410, 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, 254 persons.

¹⁰ Assumes a cost of \$75/unit.

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 2020 Public School budget was \$41,541,391 including vocational school assessments.

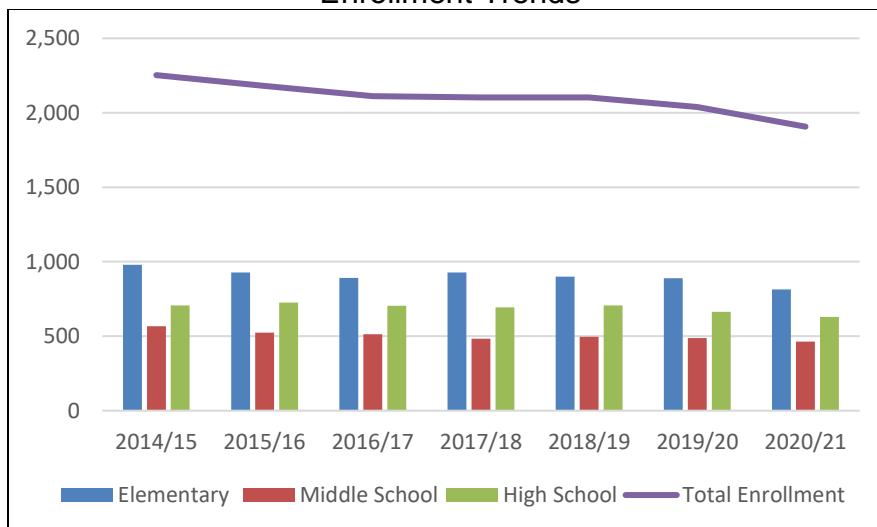
Enrollment History

Overall school enrollment has been declining over the last seven years, decreasing 15.36% overall during this time period (-346 students) as outlined in Table Eleven and Figure Three.

Table Eleven
Enrollment Trends 2014-2020

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Decrease since 2014 | % Decline |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------------------|----------------|
| Elementary | 980 | 929 | 892 | 927 | 899 | 889 | 814 | -166 | -16.94% |
| Middle School | 566 | 525 | 514 | 484 | 497 | 487 | 464 | -102 | -18.02% |
| High School | 707 | 726 | 705 | 693 | 707 | 663 | 629 | -78 | -11.03% |
| Total Enrollment | 2,253 | 2,180 | 2,111 | 2,104 | 2,103 | 2,039 | 1,907 | -346 | -15.36% |

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 as outlined in Table Twelve. It should be noted that 57.7% of the units will be one bedroom which generate few school age children.

Table Twelve
Bedroom Mix - Composition

| Unit Type | Bedrooms |
|----------------------|----------|
| One Bed Market | 78 |
| One Bed Affordable | 26 |
| Two Bed Market | 41 |
| Two Bed Affordable | 14 |
| Three Bed Market | 16 |
| Three Bed Affordable | 5 |
| Total | 180 |

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 Thirteen, SAC ratios were calculated for both the two/three counts and unit totals for each site.

Table Thirteen
Comparable School Enrollment Estimates

| Complex | Total Units | # Two/Three Bedrooms Units | SAC | SAC per 2/3 bed units | SAC All Units | SAC Range - 2/3 beds | SAC Range All Units | Avg. |
|---------------------------------|-------------|----------------------------|-----|-----------------------|---------------|----------------------|---------------------|-----------|
| Concord Mews | 350 | 218(194/24) | 113 | 0.518 | 0.323 | 53 | 58 | 55 |
| Newton (Three 40B Apt.) | 678 | 467 (352/115) | 221 | 0.473 | 0.326 | 48 | 59 | 53 |
| Avalon Lexington Hills | 387 | 264(240/24) | 231 | 0.875 | 0.597 | 89 | 107 | 98 |
| Concord/Newton/Avalon Blend | 1,415 | 949 (786/163) | 565 | 0.595 | 0.399 | 45 | 72 | 59 |
| 518 South Avenue | 180 | 76 (55/21) | | | | | | |
| 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 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 45 school children; applying the gross unit SAC ratio of .399 results with an estimated 72 school age children, resulting in an average estimated school population of **59 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.

In 2019 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.

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

Table Fourteen
Estimated School Age Children – By Grade

| Grades | Concord | Newton | Lexington | Blend | Est. SAC |
|--------|---------|--------|-----------|--------|-----------|
| PK - 5 | 56.0% | 46.0% | 59.0% | 53.67% | 31 |
| 6 - 8 | 20.0% | 24.0% | 20.0% | 21.33% | 12 |
| 9 - 12 | 24.0% | 30.0% | 21.0% | 25.00% | 15 |
| | | | | | 59 |

Based upon the estimated enrollment of 59 students, School Staff¹¹ updated potential increases in teachers (by section), student services, technology and transportation costs to reflect 2021 data. Based upon a detailed review of potential increased costs from these new students, Weston's School Budget Analyst estimated per student cost of \$10,799 or a total cost¹² of \$637,141. Given the ongoing declining enrollment that has been seen, this cost is extremely conservative. It should also be noted that this cost estimate has increased from \$482,860 in 2019. In addition, with the project program being reduced from 200 to 180 units, 57.7% of the units will be one bedroom which rarely generate school age children.

¹¹ Mr. Ben Wilkens, School Budget Analyst and Ms. Sheri Matthew Superintendent of Finance & Operations provided updated estimated costs to educate the total enrollment impact from proposed 40B project.

¹² As contact with the town's Finance Department was unsuccessful, Fougere Planning estimated a per employee insurance/benefit cost of \$25,000 for 6.5 employees.

FISCAL SUMMARY

Table Fifteen summarizes the fiscal impact from the proposed development. Gross revenues are estimated to total \$866,514 and costs are projected to be \$756,036 annually, resulting in a positive fiscal impact of \$110,478. The existing properties generate \$21,182 in property tax revenue annually taking into consideration school costs related to the two existing single family homes, have a negative fiscal impact on the community.

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 Fifteen
Estimated Annual Fiscal Impact**

| | |
|--------------------------------------|-------------------|
| Gross Rev. Taxes, Excise Taxes & CPA | \$866,514 |
| Estimated Municipal Costs | |
| Police | -\$27,336 |
| Fire | -\$68,407 |
| Recreation | -\$9,652 |
| Other Departments | -\$13,500 |
| School Costs | -\$637,141 |
| Total Costs | -\$756,036 |
| Net Annual Positive Fiscal Impact | +\$110,478 |

Summary of Findings

- The proposed development project will result in a net annual positive fiscal impact of \$110,478. Anticipated costs total \$736,036.
- 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 1.2%.
- An estimated 59 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 15% over the last seven years, while the elementary grade level has declined 16.9% during this same time period.
- Building permit fees are estimated to total \$600,000.
- 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.