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Fiscal Impact Memorandum

To: Planning Board, Town of Westwood

From: Mark J. Fougere, AICP

RE: Islington Mixed Use Proposal

Date: December 11, 2017

I. Introduction

Petruzziello Properties, in partnership with the Town of Westwood, is proposing a redevelopment to an area of Islington Village, with a reconfigurations of the properties located on the northeast and northwest side of the Washington Street; East Street, and School Street intersection. This project is being proposed under a Special Use Application within the Flexible Multiple Use Overlay District. Specific details of the project will include:

- 1. Petruzziello Properties will acquire 288 Washington Street (church/Community Center site) and 280 Washington Street (library/Wentworth Hall site). The church will be demolished and the library will be relocated by the Town to the other side of Washington Street (onto a portion of the lot to be established for the new municipal parking lot).*
- 2. At the corner of Washington Street and East Street (former church/Community Center site), Petruzziello Properties will construct a new 55,000 gsf mixed-use buildings with 13,000 sf of first floor commercial space and 18 two-bedroom condominiums on the two upper floors (one of the units will be affordable). A 13,000 gsf under-building parking area with 36 parking spaces will be constructed to serve the condominium units.*
- 3. On the East Street side of Washington Street (266-278), Petruzziello Properties will renovate the existing commercial building (16,380 gsf/8,750 nsq. ft.) at 266-278 Washington Street and will renovate and convert 4,000 gsf of the basement in this building for the MMO Day Care.*
- 4. Therefore, upon project completion, on the East Street side of Washington Street Petruzziello will own a single lot with an area of about 69,120 sf of land with 368 feet of frontage on Washington Street and 174*



feet of frontage of East Street. The lot will be occupied by the above described mixed use building and the renovated 266-278 Washington Street building. There will be a total of 92 parking space on this lot (inclusive of the 36 parking spaces under the mixed use building). In addition, 6 new parking spaces will be added to Washington Street (to augment the existing 6 parking spaces).

5. *On the School Street side, Petruzziello will acquire the existing municipal parking lot from the Town and the single family dwelling at 277A Washington Street (from an unrelated third party).*
6. *At the corner of Washington and School Street, Petruzziello Properties will construct a new 13,072 gsf CVS (which will also have a 1,712 gsf mezzanine for storage. The two existing commercial buildings owned by Petruzziello at 9 School Street and 291 Washington Street, totaling 5,505 sq. ft. of space, will be demolished.*
7. *To the north of the new municipal parking lot (described below), Petruzziello Properties will relocate and renovate the Blue Hart Tavern for continued use as first floor office space and one residential apartment on the second floor.*
8. *On the Washington-School Street side, Petruzziello Properties will replace the existing municipal parking lot with a new municipal parking with the same number of parking spaces (30). The library/Wentworth Hall will be relocated by the Town on the lot. The new municipal parking lot will be owned by the Town.*
9. *Petruzziello will convey a lot to the west of the municipal parking lot to the Town as "open space".*
10. *Therefore, upon project completion, on the School Street side there will be three (3) lots:*
 - (a) *Petruzziello will own a single lot containing approximately 57,107 sf of land with 297 feet of frontage on Washington Street and 194 feet of frontage on School Street. This lot will be occupied by the above described new CVS and the Blue Hart Tavern. There will be 47 parking spaces on this lot. In addition, 7 new parking spaces will be added on Washington Street.*
 - (b) *The Town will own a lot with approximately 17,619 sf of land with 108 feet of frontage. This lot will be occupied by the relocated library/Wentworth Hall and the new municipal parking lot with 30 parking spaces.*
 - (c) *The Town will own a lot with approximately 10,082 sf of land. This lot will be vacant "open space"*
11. *Petruzziello Properties will pay the Town of Westwood the sum of \$1,725,000 as part of the negotiated land transaction.*

Once complete, 24,570 square feet of new commercial space will be constructed, along with one apartment and 18 two-bedroom condominiums.

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 used 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 the Town of Westwood. Westwood has both a residential tax rate (\$15.09) and a commercial tax rate (\$29.30) per \$1,000 of valuation. As this development project is a mixed use project involving both commercial and residential uses, both tax rates will be used to estimate future property tax income revenue.

Based upon the various commercial and residential uses proposed, the mixed use development project is estimated to generate \$533,757 in annual property taxes; Table One.

Table One
Estimated Annual Property Taxes¹

Unit Type	Units/Area	Average Price	Est. Assessment	Tax Rate	Estimated Tax Revenue
Condominiums (Mixed Use Blg. 288 Wash. St.)	18 Units	\$500,000	\$9,000,000	\$15.09	\$135,810.00
Mixed Use Blg. Commercial 288 Wash. St.	13,000		\$2,500,000	\$29.30	\$73,250.00
Renovated Commercial (266-278 Wash. St.)	12,750 Sq. Ft.		\$3,500,000	\$29.30	\$102,550.00
New CVS Store	13,0075 Sq. Ft.		\$7,000,000	\$29.30	\$205,100.00
Blue Hart Tavern					
First Floor Commercial	932		\$450,000	\$29.50	\$13,275.00
Second Floor One Apartment	932		\$250,000	\$15.09	\$3,772.50
Estimated Yearly Taxes					\$533,757.50

B) Miscellaneous Yearly Revenues

Motor Vehicle Excise Tax - Another major revenue source for the community is motor vehicle excise taxes. In fiscal year 2016 the Town of Westwood received a total of \$2,172,000² from this revenue source. To estimate motor vehicle excise taxes, a discount³ of 50% is applied to the vehicle value resulting in an estimated \$10,500 in yearly tax revenue; Table Two.

Table Two
Motor Vehicle Excise Tax

# Cars ⁴	Value	Total Value
28	\$30,000	\$840,000
50% x \$840,000/1,000		\$3,495
\$25 x \$420		\$10,500

C) Estimated Yearly Project Revenues

The proposed Islington Center development is estimated to generate an estimated \$544,257 in local revenues from new property taxes and excise taxes; Table Three.

¹ Commercial values are based upon local market conditions and estimated rent levels.

²2018 Town Budget Outline, page 40.

³ This analysis was development through discussions with a number of town clerks to arrive at a conservative estimate of vehicle excise taxes.

⁴ Average of 1.5 vehicles per unit.

**Table Three
Estimated Yearly Revenue**

Estimated Taxes	
Residential	\$533,757
Excise Tax	\$10,500
Total Revenue	\$544,257

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

IV. Municipal Service Costs

As noted above, the redevelopment proposal involves the removal and relocation of existing retail space, the addition of new commercial space along with new residential uses. Once complete, 24,570 square feet of new commercial space will be created, along with 19 residential units (1 apartment and 18 condominiums). Given the nature of this proposed development project, as will be seen in the analysis below, measurable impacts will be limited to a few key Town Departments including police, fire and school departments. All onsite maintenance will be addressed by the property owners, including site driveway repairs and trash removal.

A. 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 2018 budget⁵ is \$3,885,962 and they responded to of 29,928 calls⁶ in 2016. The Fire Department budget is \$4,048,158 and responded to an average of 1,809 EMS calls and 3,325 total calls in 2016.

In order to estimate the potential impact new residential units may have on emergency service departments, Fougere Planning reviewed emergency call data from over 300,000 square feet of

⁵ Appendix D, Town Budget.

⁶ 2016 Town Report, page 106.

commercial space and over 900 condominium units. The data was calculated to arrive at an average call ratio of either calls per square feet or 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 Police and Fire Department call volumes as a result of the proposed new 24,570 square feet of commercial space and 19 housing units⁷. Annual Police calls are projected to increase by 106 calls, annual Fire Department calls are projected to increase by 3 for fire related emergencies and 4 ambulance calls; Table Four.

Table Four
Projected Emergency Service Calls

Department	Calls Per Unit	Housing Units	Estimated Calls
Police	.232	19	5
Fire	.068	19	1
Ambulance	.082	19	2
	Calls Per Sq. Ft.	Comm. Area	Estimated Calls
Police	.0041	24,570 sq. ft.	101
Fire	.00007	24,570 sq. ft.	2
Ambulance	.00007	24,570 sq. ft.	2

Police Department

To account for 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 \$13,780; Table Five. 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 these new land uses in the community.

⁷ For this exercise, the apartment unit is combined with the condominium units.

**Table Five
Police Department Impact**

Department	FY 2018 Budget	Calls	Cost/call	Est. Calls	Annual Cost
Police	\$3,885,158	29,928	\$130	106	\$13,780

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 \$8,526; Table Six.

**Table Six
Fire Department Impact**

Department	FY 2018 Budget	Calls Per Year	Cost/call	Est. Calls	Annual Cost
Fire	\$4,048,158	3,325	\$1,218	7	\$8,526

The Fire Department responded to 1,809 EMS calls⁸ in 2016 and collected \$714,221 in revenue resulting in an average per call revenue of \$394. Based upon an estimated 4 ambulance calls from the proposed development, Westwood is anticipated to receive an average of \$1,576 per year in ambulance revenue, offsetting a portion the estimated Fire Department costs. Taking into account estimated annual ambulance revenue, the net Fire Department impact is expected to be **\$6,950**.

School Department

Over the past six years, enrollment in Westwood’s schools have declined by 2.87% overall, but more significantly (12.61%) in the elementary level, high school enrollments have grown by 10.36%; Table Seven.

⁸ 2016 Town Report, Fire Department page 117.

**Table Seven
School Enrollment Trends 2012-2017**

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	% Change
Elementary	1,467	1,481	1,435	1,396	1,368	1,282	-12.61%
Middle School	793	783	798	780	795	793	0.00%
High School	907	935	971	975	999	1,001	+10.36%
Total Enrollment	3,167	3,199	3,204	3,151	3,162	3,076	-2.87%

To estimate the number of school children that may reside within the proposed development, a number of resources were reviewed, including a data base of school age children (SAC) Fougere Planning researched for residential condominiums. In February of 2013, Community Opportunities Group, Inc. (COG) provided the Westwood Public School Superintendent with a report relative to school age estimates for housing units, including condominiums. That analysis reported that for two bedroom condominiums a ratio of .144 SAC per unit be used to estimate school enrollments. This ratio is slightly higher than Fougere Planning’s data base that includes affordable housing units⁹, but for this analysis the findings from the COG Report will be used and results in an estimated 3 new school children; Table Eight. This low figure is not unusual given the mixed use nature of the development which tends to generate fewer school age children than more traditional residential projects.

**Table Eight
Estimated School Age Children**

Total Units	Per Unit SAC	Total School Children
19	.144	3

As has been reported with the University Station development project, aside from school bussing costs, no additional costs have been experienced by the School District as a result of the Gables (350 unit’s) apartment complex. Given the District’s declining enrollment trends, this lack of impact can be expected. With the addition of only three new students, it is anticipated that no

⁹ One of the projects is a 40B Development (South Natick Hills and the other has an 10% affordable set aside (Village Falls Newton)

new school costs will be seen from this development project. However, to be conservative, a cost of \$21,000 will be carried for school related expenses¹⁰.

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. The Department charges \$12 /\$1,000 of construction costs. It is estimated that the proposed project will involve approximately \$15,000,000 in construction costs, generating approximately **\$180,000** in building permit fee income.

Public Works

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

¹⁰ Mass Dept. of Education, 2015 Actual Net School Spending was \$13,963 per student; the cost of 1.5 students is accounted for here.

V. Fiscal Summary

Table Nine summarizes the fiscal impact from the proposed development, with the proposed project generating over \$502,527 in net annual tax revenue. Fougere Planning is not suggesting that town budgets be increased to offset the noted costs, but these findings should be viewed as potential costs and future budget increases will be addressed by appropriate Town officials. In addition, the Town will receive approximately **\$180,000** in building permit fees.

Table Nine
Estimated Annual Fiscal Impact

Gross Rev. Taxes and Excise Taxes	+\$544,257
Estimated Municipal Costs	
Police	-\$13,780
Fire	-\$6,950
School Costs	-\$21,000
Total Costs	-\$41,730
Net Annual Positive Fiscal Impact	+\$502,527