

# CUSHING VILLAGE PROJECT FINANCIAL IMPACT REPORT

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## 1. Summary of Findings

Smith Legacy Partners Series, LLC (Smith Legacy Partners) has prepared a Financial Impact Report for the Proposed Cushing Village (CV) development in Belmont, Massachusetts. The purpose of this report is to analyze the annual financial impact that the proposed mixed-use development will have on the Town of Belmont general fund and on the local business economy. For this evaluation, the proposed mixed-use build-out of the site has been compared to the existing uses on site, which consist of retail, parking and vacant land and buildings. The baseline data for this report and the projections contained herein are based on the Fiscal Year 2012 Town of Belmont actual revenues and expenditures.

- CV will generate an average annual cost-to-revenue ratio of approximately 0.55. This means that for every \$1.00 collected by the Town in annual revenues (e.g., taxes), only \$0.55 in municipal costs (e.g., schooling, government costs) are incurred. The remaining \$0.45 surplus can be directed to the general Town fund.
- The tax assessed value of the CV project footprint will increase from a current \$6,642,000 to \$ 43,483,000, representing a 555% increase.
- Tax revenues will increase from \$89,000 to \$658,000 annually. This is a net increase of \$569,000 in additional tax revenues per year.
- Municipal costs from the project are estimated at \$ 359,000 per year. Therefore, the Town will have a surplus of almost \$300,000 annually to contribute to the general Town fund.
- One-time Town revenues from CV include \$850,000 in proceeds from the sale of the municipal parking lot and \$450,000 in permitting fees, for a total of \$1,300,000.
- 50 parking spaces (same number of spaces currently in the municipal lot) will be granted back to the Town for public use.
- Over \$9,000,000 in local business profits and salaries/wages are anticipated from CV's construction and the "ripple effect" of this initial financial stimulus.
- \$2,700,000 in annual local business profits and salaries/wages are estimated for local businesses on an on-going basis.
- 162 jobs are to be created during the construction of CV with an additional 68 permanent jobs being maintained after the construction.

### 1.1. Project Description

The CV project area consists of a seven parcels of land on the southwest corner of the intersection of Trapelo Road and Common Street in the Town of Belmont. The site is part of Cushing Square.

The parcels of land at present contain four one and two story buildings, some of which are vacant and some of which are used for retail or commercial purposes. The parcels also include surface parking, including a municipal parking lot. Two parcels are vacant and fenced off.

The proposed project consists of approximately 37,500 sf. of retail space on the ground floor, 118 units of housing on upper floors consisting of seventy (70) two-bedroom units and forty-six (48) one-bedroom units.

### 1.2. Methodology and Assumptions

Financial impacts are evaluated by identifying estimated annual revenues and costs directly associated with a proposed project in order to determine the projected net financial impacts. Revenues associated with projects are largely generated by property tax revenues, excise tax, local receipts, other available funds (see Table 1, Town of Belmont Revenue Sources). In addition, there are local business profit and additional wages and salaries resulting from the additional economic activity from CV. Costs reflect services provided by a town for education of the school age children who are anticipated to be residing at CV, public safety, public works and general government activities. Net revenues are then compared to net costs to determine the overall financial impact of a project.

<b>Municipal &amp; Business Revenues</b>		<b>Municipal Expenditures</b>		<b>Annual Financial Impact</b>
Property Tax, Motor Vehicle Excise Tax, Local Receipts, Other Available Funds, Business Profits & Wages	=	Educational Costs, Other Municipal Services	=	

This report will evaluate the costs and revenues associated with the proposed development for the CV project, as described above. In order to maintain a level of financial consistency, data has been collected from FY2012.

For the purpose of this analysis, the Per Capita Multiplier Method outlined in The Fiscal Impact Handbook<sup>1</sup> has been used to analyze fiscal municipal impacts

resulting from the project. This technique relies heavily on average municipal costs per person, average school costs per pupil and the number of persons/pupils generated by various housing types to project future municipal and school department costs. This method assumes that the best estimate of future cost is current per capita cost multiplied by the incremental change in future population.

This report estimates that 91.6% percent of the budget in the Town of Belmont is attributable to residential uses as opposed to commercial and industrial uses. This factor was calculated using the proportional valuation method outlined in the Fiscal Impact Handbook. The proportional valuation method seeks to determine the percentage of municipal costs that can be attributed to non-residential services. A good approximation of this figure can be found by comparing the total value of all residential parcels in town to the total value of all parcels. In the case of Belmont, approximately 94.8% of the assessed value of all taxed Belmont properties is attributed to residential use. However, when the average value of a non-residential parcel differs significantly from the average value of all parcels within the Town, the simple ratio no longer provides an accurate depiction of cost distribution. In Belmont, the average non-residential parcel is valued close to double the value of the average Belmont residential parcel. The simple proportion is therefore refined by a coefficient which takes into account the actual costs generated by non-residential facilities, as derived from detailed case studies, which results in a ratio of 91.6 percent. The 91.6 percent ratio is utilized, when appropriate, throughout this report to provide a realistic representation of how the municipal budget is allocated between residential and commercial/industrial uses within the Town of Belmont.

This report uses the most accurate data available from the U.S. Census Bureau<sup>2</sup>, Belmont Town Administrator's Office<sup>3</sup>, Town of Belmont Tax Assessor's Office<sup>4</sup> and the Massachusetts Department of Revenue<sup>5</sup>. The figures used most often in this report include the following:

Town of Belmont Population (2010): 24,729

Town of Belmont Public School Enrollment (K-12, FY2012): 4,037

Town of Belmont Households (2010): 9,651

<u>Table 1 – Town of Belmont Revenue Sources</u>		
<i>Revenue Source</i>	<i>FY2011</i>	<i>% of Total</i>
Tax Levy	\$72,467,365	85%
Net State Aid	\$7,793,452	9%
Local Receipts	\$2,915,359	3%
Other Available Funds	\$1,911,433	2%
TOTAL	\$85,087,610	100%

## 2. Annual Municipal Revenues

Municipal revenues associated with CV are estimated based upon the increased property taxes from CV parcels, increased residents and households paying other taxes (e.g., excise taxes), fees and fines. The municipal anticipated to be generated from the project and summarized in Sections 3.1 through 3.5, below.

### 2.1. Property Tax

Property taxes will constitute the largest share of the total municipal revenues. The FY2012 data available from the Town Assessor's Department shows the existing property, consisting of the seven CV footprint parcels, with an assessed value of \$6,642,000 and estimated tax revenues of \$73,051. Until the Town assesses the new development, no precise figure for future property taxes will be available.

For the purposes of this report, comparable values of comparable properties in Belmont have been utilized based upon the assessments conducted by the Belmont Board of Assessors. For the residential component, the property located at 125 Trapelo Road was utilized. While that building is technically owned as a condominium, it is operated as a residential rental property. The aggregate total of all of the units within 125 Trapelo Road is \$6,696,000.00 or, based upon the information provided by the Board of Assessors, a value per square foot of \$277.76. If anything, Cushing Village believes that such an estimate of value is extremely conservative to the low side for Cushing Village. It is relatively clear that Cushing Village, being new construction with significant amenities and larger units, will be a more desirable rental property in the marketplace than 125 Trapelo. Such an increase in desirability will, undoubtedly, impact the value and Cushing Village would anticipate that the valuation of its development will exceed the valuation of 125 Trapelo. Notwithstanding, rather than rely upon increase in marketability the valuations for the existing property at 125 Trapelo have been utilized. Therefore, as set forth in Appendix D, the value of the residential component of Cushing Village has been established as \$31,081,528.00.

For the retail component of Cushing Village, assessments of five retail properties located in Belmont were utilized and which were described in these properties have an average assessment per square foot of \$330.71. It is instructive to note the disparity in values for the retail properties, some of which are located in Belmont Center. Cushing Village believes that those values (which are significantly higher than the average of \$330.71) are more indicative of true value. It is instructive to note that the existing property that is part of the Cushing Village assemblage at 112 Trapelo Road and which houses the Starbucks has an assessed value of \$510.83 per foot. However, the average rate as calculated on Appendix D has been utilized for purposes of the valuation and

the retail value has been estimated at \$12,401,691.00 for a total value of \$43,483,218.00

For this report, a reasonable estimate based upon the tax assessment of comparable retail and multi-family properties produces a value of \$43.4 M for CV. Given the Town's tax rate of \$13.35 per \$1,000, the future property tax revenues from the CV footprint is estimated at \$579,390 which increases the direct tax revenues by \$491,830 or 555%.

## 2.2. Motor Vehicle Excise Tax

The project will generate approximately \$18,244 in automobile excise taxes for the Town. Approximately 118 vehicles will be associated with the residential units on-site and will be taxed at a rate of \$25.00 per \$1,000.

To predict the average valuation of vehicles in the CV development, vehicle registration data from similar residential developments are used as a benchmark. Based upon a survey performed at the Pembroke Woods development<sup>6</sup>, the value of a typical car for a 1-bedroom unit and two-bedroom unit is valued at \$8,298 and \$4,736, respectively. Assuming conservatively that one vehicle is allotted to each apartment, the projected excise tax is \$208 for a one-bedroom and \$118 for a two-bedroom.

Projecting the typical vehicle valuations and excise taxes across the proposed CV residential development, the project can be conservatively expected to generate \$18,244 in vehicle excise taxes. This translates to average revenues of \$155 per apartment unit.

## 2.3. Local Receipts

Local receipts include fees, fines, licenses, permits, and other locally secured funds. The Town of Belmont received approximately \$2,915,359 in local receipts in FY2012, after deducting for enterprise fund accounts<sup>7</sup>. Total receipts are multiplied by 91.6 percent to account for the portion of Town receipts attributed to residential as opposed to commercial uses. This value is then divided by the total number of households in Belmont (9,651) in order to calculate revenues per unit of approximately \$302. This number is multiplied by the total number of units (118) to estimate that the project will generate approximately \$35,645 in new local receipts.

## 2.4. Other Available Funds

Other available funds include free cash, stabilization funds and Community Development Block Grants. The Belmont FY2012 budget includes \$1,911,434 in other available funds. Total funds are multiplied by 91.6 percent to account for

the portion of Town money attributed toward residential as opposed to commercial uses. This value is then divided by the total number of households in Belmont (9,651) in order to calculate available funds per household of approximately \$198. This number is multiplied by the total number of units (118) to estimate that the project will generate approximately \$23,370 in other available funds.

### 3. Annual Municipal Expenditures

Municipal expenditures typically include education costs, water and sewer costs, and general government costs for all other municipal services. The net cost per capita is a result of actual spending per capita reduced by outside sources of funding and local revenues. The project is expected to result in an incremental service cost to the Town of approximately \$359,502. Because municipal costs are a direct result of numbers of people and households, the following calculations are based on estimated population projections for the proposed residential development. The municipal costs associated with the proposed development are described in Sections 4.1 through 4.3.

#### 3.1. Incremental Education Costs

As in most communities, education is the single most expensive municipal service cost for the Town of Belmont. The financial impact of education costs arising from this project will be the result of two items: the number of new school-age children in the development enrolling in Belmont Public Schools, and the incremental cost of educating those new students.

The Town of Belmont has its own school department and operating budget. The Town maintains their own elementary schools, middle school and high school. In 2012, the Belmont public school system had an enrollment of approximately 4,037 students in grades K through 1-12.

#### 3.2. New Public School Enrollment

The best way to estimate the number of new school-age children who can be expected to enter the Belmont Public Schools as a result of the CV development is to look at the actual numbers of new school-age children who have entered public schools from comparable rental housing developments.

The number of school age children per housing unit is heavily dependent on the number of bedrooms, as families with children require more bedrooms. There is conclusive evidence that three and four bedroom units generate significantly higher numbers of school age children than one and two bedroom units. In the case of CV, the units are split 41% one bedroom and 59% two bedroom. There will be no three or four bedroom units. Therefore the number of projected school age children is quite small. Numbers of new

children entering the local public school system from new developments is also affected by the number of families who enter the new projects who are already residents of the community and by the number of school age children attending private and parochial schools, usually in the range of 6-8% to school age children.

In addition, the reputation of a community's educational system can be a factor affecting the number of school aged children housed in single family or multi-family units located in communities with highly rated school systems. In the case of Belmont, the school system is highly respected, but at the same time, it is surrounded by nearby communities with equally impressive educational systems, such as Lexington, Newton, Weston and Wellesley. Affordable housing units also generally create a higher number of school age children per unit based on larger family size.

Several credible studies including studies done by Connery Associates, Bonz Associates<sup>8</sup>, Avalon Bay<sup>9</sup> and Citizen's Housing and Planning Association (CHAPA)<sup>10</sup> and Connery Associates<sup>11</sup> have been conducted looking at the number of school children enrolled in public schools in multi-family developments in the metropolitan area. Table 2 summarizes the results from these various studies.

<u>Table 2 – School Age Children per Rental Apartment Unit Type</u>				
	<i>1-Bedroom</i>		<i>2-Bedroom</i>	
<i>Study</i>	<i>Market</i>	<i>Affordable</i>	<i>Market</i>	<i>Affordable</i>
Bonz Associates	0.01	0.12	0.09	0.6
Avalon Bay	0.012	ND	0.02	ND
CHAPA	0.01	0.02	0.25	0.5
Connery Associates	ND	ND	ND	0.4
AVERAGE	0.01	0.08	0.12	0.5
ND = No data.				

As indicated within the above table, there is a significant increase in the number of school age children as unit sizes increase and with affordable units. The projections for Cushing Square take into account the mix of unit sizes as well as the relatively low percentage of affordable units (12.5%) as compared to other projects. For the purposes of this analysis, the average rate is used. Table 3 – Projected New Public School Enrollment shows the expected number of school age children to be enrolled in the Belmont school system as a result of the project. The projections are an over estimate as they assume that 100% of school age children attend public schools and that none attend private or parochial schools.



<u>Table 3 – Projected New Public School Enrollment</u>			
<i>Apartment Type</i>	<i>Units Proposed</i>	<i>Children / Unit</i>	<i>Total Potential Students</i>
1 Bedroom – Market	43	0.01	0.46
1 Bedroom – Affordable	5	0.13	0.40
2 Bedroom – Market	62	0.12	7.44
2 Bedroom – Affordable	8	0.5	4.0
TOTAL			~12

In FY2012, the Town of Belmont spent approximately \$42,471,887 or approximately 50% percent of its operating budget, on education. The FY2012 enrollment was 4,037 students. This translates into per-pupil educational costs of approximately \$10,520. Typically, for the purposes of financial impact analysis the cost of additional students entering the system are discounted by approximately 20% to account for fixed costs in the educational system which are generally independent of student body size, such as physical plant, administration, maintenance, debt service, etc.

To determine the additional annual education cost that will occur as a result of the project, the cost per student of approximately \$8,417 is multiplied by the anticipated 12 school age children in public schools for a total education cost of \$100,998 per year, which constitutes about 0.2% of the Town's total annual educational costs. Real estate tax increases will more than cover the additional cost of education, as the total increase in real estate taxes from will exceed the cost of educating the 12 anticipated students by approximately \$390,830. The described condition helps support a net increase in revenues associated with the project.

Distributed across 13 grades, the number of school children is not expected to present a burden to the school system, representing an approximate 0.3% increase in enrollment.

### 3.3. Public Works Costs

Typical public works costs consist of various infrastructure operations and maintenance including water/sewer systems, street maintenance, street lighting, snow plowing and trash collection. CV's impacts on public works are discussed, below.

The Town of Belmont operates the water and sewer departments using an Enterprise Fund, which is an account independent from the Town's general fund. The water and sewer departments are currently operating at levels of self-sufficiency and require no relief from the general fund, as rates billed to customers entirely cover the costs of operation. Therefore, the additional water and sewer consumption by the proposed development will have no financial

impact on the community, although by spreading its fixed costs over a larger base it may slightly reduce water and sewer rates.

Within the CV proposal, the roads and driveways are internal to the project. Therefore, the Town will not incur any additive costs to street maintenance. CV will also provide its community with trash collection. Further, the construction of CV is to be coordinated with the Town and Commonwealth of Massachusetts, so that the initial changes to the roadways are included in the Trapelo Road Redevelopment Project being funded by the Commonwealth and Federal funds. Therefore, the Town will not incur additional costs in these areas.

Given the above reasons, CV's public works costs, representing 10% of the Town's budget, are anticipated to be negligible.

### 3.4. All Other Municipal Services Costs

All other municipal services include general government, police, fire, other public safety infrastructure improvements, health and welfare, culture and recreation, debt service and all other municipal services excluding education and public works. Of the total Belmont budget, which equals approximately \$81.9 million, approximately \$31.3 million is budgeted for all other municipal services. Approximately 91.6%, or \$28.6 million, of the other municipal service cost is allotted to residential, as opposed to commercial, property. To determine the gross cost per person for other municipal services, the total municipal services budget directed toward residential uses is divided by the total population of Belmont (24,729) for a total cost per person of \$1,159. In real terms, it is highly doubtful that municipal expenses outside of education will increase on a proportionate basis for each individual who moves to Belmont. Expenses such as administration, public safety and public amenities such as parks and libraries will not increase in real terms by an increase of 1% of the overall population. Notwithstanding, for the purposes of this report, a direct increase to municipal costs has been utilized.

In order to calculate total municipal service costs generated by the project, it is necessary to determine the total number of people expected to live in the 118 rental units, as calculated in Table 4 – Project Number of Residents below. Gross cost per person (\$1,159) is then multiplied by the total number of people expected to live in the proposed residential project (223) for a total of \$258,504 in all other municipal service costs. This cost figure is considered to be a conservative number, as it is unlikely that the project will substantially affect components of the Belmont budget such as intergovernmental and fixed costs, which are not directly linked to increases in population.

Table 4 – Projected Number of Residents			
<i>Unit Type</i>	<i>Number of Units</i>	<i>Rate per Unit<sup>1</sup></i>	<i>Total Residents</i>
One Bedroom	48	1.59	76.3
Two Bedroom	70	2.1	147
Total	116		223

The project will be largely self-sufficient in that the proponent will construct all requisite roadway, utility infrastructure and sewer facilities and maintain the same on an annual basis. The retail component of the project will largely replace and expand existing retail on the site and will not generate significant additional municipal costs. As a result, the project is likely to have minor incremental impacts on municipal services.

#### 4. Additional One-Time Municipal Revenues

In addition to the annual revenues outlined above, this project will generate significant one-time revenues for the Town of Belmont. These revenues consist of building, gas and plumbing permit fees estimated at approximately \$450,000 (\$30M in hard costs @ 1.5%). Further, the Town of Belmont will receive \$850,000 in one-time revenues to the Town from the sale of the Municipal Parking Lot. This is in addition to the granting of the ownership of 50 parking spaces to the Town in full replacement of the municipal parking lot purchased by SLP.

One-time permitting revenues and municipal parking lot sale proceeds total \$1,300,000.

#### 5. Impacts on Local Area Business Profits, Jobs, State Aid and Property Values

##### 5.1 Local Area Business Increases

A number of difficult to quantify, but still very real impacts of CV on the local economy are calculated and discussed within this Section 5. It is clear that CV should have a positive impact on local business profits, jobs, state aid and property values, but to err on the side of conservatism, the financial impacts were left out of the summary calculations of net financial impact within Section 1.

To project the impacts that the construction and on-going operation of CV on local business profits and jobs, a model created by the National Association of Home Builders (NAHB) was used. The NAHB model specifically was developed to calculate the impacts of building multi-family, rental apartments on an area's local economy.<sup>12</sup> The NAHB impact calculation

methodology is employed for the purposes of this analysis of CV for profits, salaries, wages and jobs on local area businesses. The model identifies impacts from a prototypical 100-unit apartment development in an average, metro location. Impacts for CV were proportionally increased to calculate the impacts from the proposed 118 units. The NAHB model breaks down the impacts into three categories: 1) construction activity impacts, 2) induced (ripple) effect and 3) on-going impacts.

<u>Table 5 – Projected Local Business, Salary and Wage Impacts</u>			
	<i>Construction</i>	<i>Induced (Ripple) Effect</i>	<i>On-Going Annual Impacts</i>
Local Business Owner's Income	\$1,711,590	\$ 1,003,354	\$1,147,432
Local Wages and Salaries	\$ 4,562,706	\$2,031,016	\$1,536,006
TOTAL	\$6,274,296	\$ 3,034,370	\$2,683,438

From the residential portion of CV alone, the NAHD model indicates that 122 jobs will be created temporarily during the construction and the induced economic stimulus that the construction activity creates. An additional 32 permanent jobs are anticipated to continue on after CV is built.

While the NAHB model is helpful in calculating impacts from the multi-family portion of the CV program plan, it does not account for the local business profits, salaries, wages and jobs from the retail portion of the project. To account for, at least in part, the impacts of the retail on local job creation were calculated by using a US Census Department estimate of an average of 1,052 square feet per retail job. Taking the total proposed 37,500sf of retail proposed and dividing this by 1,052 square feet per job indicates that 36 retail jobs are to be created at CV. With the retail jobs taken together with the jobs created by the apartment community, it is projected that 68 jobs will continue on an on-going basis to run, operate and serve CV and its retail customers and residents.

## 5.2 Increase in Area Property Values

The increase in economic activity along with an elevation of the tenant base in Cushing Square will enhance the assessed values of other commercial and rental residential properties in the surrounding business district. Based upon FY2012 tax assessments, the commercial properties in the Cushing Square area are assessed at \$35,600,000 and generate \$475,260 in annual tax revenues per year. Cushing Square commercial rents average around \$25NNN in retail rents and \$1.97/sf/year in tax revenues. In contrast, Belmont Center (Leonard Street) averages around \$35-\$45NNN and correspondingly produce higher tax revenues of \$2.74/sf/year which is roughly 40% higher tax revenues than Cushing Square

on a per square foot basis. Assuming the Cushing Square business district bridged only a 1/4 of this gap and tax assessment and revenues increase by 10%, the tax revenue increase would total \$47,500 annually.

### 5.3 State Aid

State Aid refers to the general and need-based state assistance offered to all municipalities on an annual basis. State Aid is provided in part to offset inconsistent municipal revenues and create financial equity between communities with varying municipal expenses and revenues. The amount of State Aid distributed to a community is calculated according to a complex formula that takes into account such factors as population, equalized assessed valuation, valuation per capita and miles of paved roads. While this formula is tied to student enrollment and number of holdholds within the Town of Belmont, state aid is tied also to the state budget appropriations process. So given this, these revenues are considered potential municipal revenues and are not included in the summary statistics within Section 1 that summarizes the net municipal impact of CV.

In FY2012, the Town of Belmont received approximately \$7,793,452 in net state aid. In FY2012, the Belmont School Department received \$5,571,323 of this aid in the form of state education aid. This is equivalent to \$1,380 per student. Assuming the same \$1,380 per student in state aid, the proposed development will generate approximately \$19,321 in state educational aid.

The remainder of net state aid is dedicated to general government purposes. In FY2012, this amount was \$2,222,129. This number is multiplied by 91.6 percent to determine the amount of state aid attributed to residential uses (see Section 1.2, Methodology & Assumptions). The number is then divided by the total number of housing units in the Town (9,651) to calculate state aid per household (\$230) in Belmont. This is multiplied by the number of units (118) in the project, for a total of approximately \$27,169 in non-educational state aid generated by the project.

The sum of education and general government state aid generated by this project is expected to be \$46,490.

## 6. Summary of Economic Impacts

TABLE 7 – ANNUAL MUNICIPAL IMPACT SUMMARY			
	Existing	Proposed	Net Increase
PROPERTY VALUES			
CV Footprint	\$6,642,000	\$43,483,218.72	\$36,841,218.72
MUNICIPAL REVENUES			
Property Taxes	\$88,670.70	\$580,501.00	\$491,830.2699
Excise Tax	-	\$18,244.00	\$18,244

Local Receipts	-	\$35,645.26.00	\$35,645.26
Other Available Funds	-	\$23,370.55	\$23,370.55
TOTAL	-	-	\$657,760.77
MUNICIPAL COSTS			
Educational Costs	-	\$100,998.29	\$100,998.29
Other Municipal Costs	-	\$258,504.15	\$258,504.15
TOTAL	-	\$359,502.45	\$359,502.45
NET ANNUAL REVENUES			
	-	-	\$298,258.33
COST-REVENUE RATIO			
	-	0.55	

TABLE 8 – OTHER IMPACTS SUMMARY		
	CONSTRUCTION IMPACTS	ON-GOING ANNUAL IMPACTS
LOCAL BUSINESS IMPACTS		
Business Owner Profit	\$2,714,944.00	\$1,147,432.00
Salaries and Wages	\$6,593,722.00	\$1,536,006.00
TOTAL	\$9,308,666.00	\$2,683,438.00
STATE AID		
Educational	-	\$16,560.78
Non-Educational	-	\$27,169.33
TOTAL	-	\$43,730.11
JOBS		
Created by apartment community	122	32
CV retail	40	36
TOTAL	162	68

## Appendix A – Conceptual Site Plan

## Appendix B – Methodology

As described in Section 2, Methodology and Assumptions, the Per Capita Multiplier Method outlined in The Fiscal Impact Handbook has been used to analyze fiscal impacts resulting from the project [Robert Burchell & David Listokin, 1978, Rutgers, Center for Urban Policy Research]. This technique relies heavily on average municipal costs per person, average school costs per pupil and the number of persons/pupils generated by various housing types to project future municipal and school district costs. This method assumes that the best estimate of future cost is current per capita cost multiplied by the incremental change in future population.

This report estimates that 91.8 percent of the budget in the Town of Belmont is attributable to residential uses as opposed to commercial and industrial uses. This factor was calculated using the proportional valuation method outlined in the Fiscal Impact Handbook. This method relies on information about the assessed value and classification of parcels within the Town. This data was gathered from the Belmont website and aligns with that submitted to the Massachusetts Department of Revenue.<sup>13</sup>

To calculate the total percentage of municipal expenditures attributable to non-residential uses, a series of calculations are used, which are detailed below. The first step is to calculate the proportion of commercial and industrial property value to total property value by dividing the total commercial and industrial property value by the total property value in the Town. The simple proportion equals 0.049. This number is later multiplied by the refinement coefficient (1.6) to calculate the portion of costs and revenues attributable to non-residential uses. The non-residential to total property value is calculated by dividing commercial and industrial assessed value by the number of such taxable parcels to find an average assessed value of \$1,312,641. Total town wide assessed value is then divided by total taxable parcels to determine an average parcel value of \$635,642.74. The first value is divided by the second value to find the proportion of non-residential to total value. The proportion that results (2.07) indicates that the average commercial/industrial parcel is valued at 2.07 times the average residential parcel. This proportion is used to determine the refinement coefficient using the “Refinement Coefficients for the Proportional Valuation Fiscal Impact Method” provided in the Fiscal Impact Handbook.<sup>14</sup><sup>16</sup> The refinement coefficient of 1.6 is then multiplied by the previously determined simple proportion ratio (0.049) to determine a non-residential municipal cost attribution of 7.4%. This means that (non-education) municipal revenues and expenditures should be multiplied by the inverse, or 92.6%, to find the portion attributable to residential uses.



## Appendix C – Sources

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- <sup>1</sup> *Fiscal Impact Handbook*, , Rutgers, Center for Urban Policy Research, Robert Burchell & David Listokin, 1978.
- <sup>2</sup> US Census Bureau, American Fact Finder Website.
- <sup>3</sup> Town of Belmont, Town Administrator's Office through BelmontBudget.org.
- <sup>4</sup> Town of Belmont, Tax Assessor's Office, On-Line Database.
- <sup>5</sup> Massachusetts Department of Revenue, Division of Local Services website.
- <sup>6</sup> Based on actual survey of number and value vehicles at Pembroke Woods development.
- <sup>7</sup> Enterprise accounts are self supporting funds that do not affect general fund revenues and expenditures.
- <sup>8</sup> Study Performed on 2,520 rental apartments, Bonz Associates, Boston, MA.
- <sup>9</sup> Study Performed on 3,489 rental apartments, AvalonBay Mixed Income (40B) Developments.
- <sup>10</sup> Study on 350-unit 40B development in Needham, MA, Community Opportunities Group, 2012.
- <sup>11</sup> Study of 450 market and affordable units in Methuen, MA, Connery Associates.
- <sup>12</sup> *Local Impact of Multi-Family Construction in a Typical Metro Area*, National Association of Home Builders, NAHB Housing Policy Department, June 2009.
- <sup>13</sup> Number of taxable parcels obtained from the Belmont Assessor's Data.
- <sup>14</sup> Exhibit 6-3, Page 153, *Fiscal Impact Handbook*, Robert Burchell & David Listokin, Rutgers, Center for Urban Policy Research, 1978.

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Appendix D – Comparable Retail Property

<u>Address</u>	<u>SF</u>	<u>Assessed Value</u>	<u>Assmt/SF</u>	<u>Taxes/SF</u>
30-42 Leonard Street	7,661	\$ 2,796,000.00	\$364.97	\$4.87
72 Leonard Street	2,500	\$ 1,120,000.00	\$448.00	\$5.98
112 Trapelo Road	2,400	\$ 1,226,000.00	\$510.83	\$6.82
264-276 Trapelo Road	20,400	\$ 5,989,000.00	\$293.58	\$3.92
353-351 Trapelo Road	5,311	\$ 1,526,000.00	\$287.33	\$3.84
Total	38,272	\$12,657,000.00	\$330.71	\$4.42

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## Appendix E – Calculation of Estimated Value

### Property Taxes

#### PROPERTY TAXES

##### RETAIL

Proposed Area (GSF)	37,500		
Valuation per SF	331		
Valuation	\$ 12,401,691	\$	165,562.57

##### TAXES

##### RESIDENTIAL

1-Bedroom			
# of Units	48		
Ave. Area (sf)	800		
Valuation per Unit	222,208		
2-Bedroom			
# of Units	70		
Valuation per Unit	\$291,648.00		
Valuation	\$31,081,528	\$	414,938.40

TOTAL	\$ 3,483,218.72	\$	580,500.97
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#### STATE AID

##### FY2012

##### \$ Per Unit

Educational	\$ 5,571,323.00	\$	1,380.07
Non-Educational	\$ 2,222,129.00	\$	230.25

TOTAL

#### LOCAL RECEIPTS

##### FY2012

##### \$ Per Unit

TOTAL	\$ 2,915,359.00	\$	302.08
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#### OTHER REVENUES

##### FY2012

##### \$ Per Unit

TOTAL	\$ ,911,433.67	\$	198.06
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