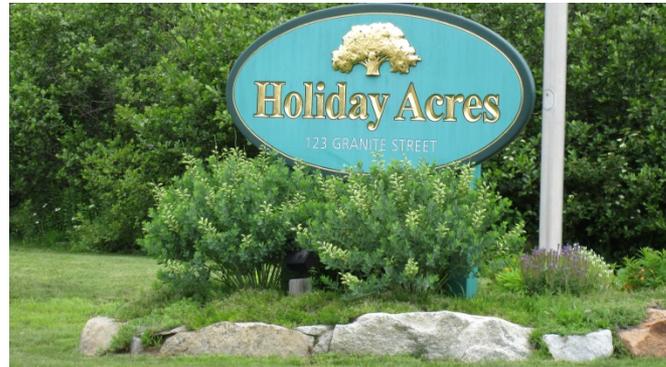
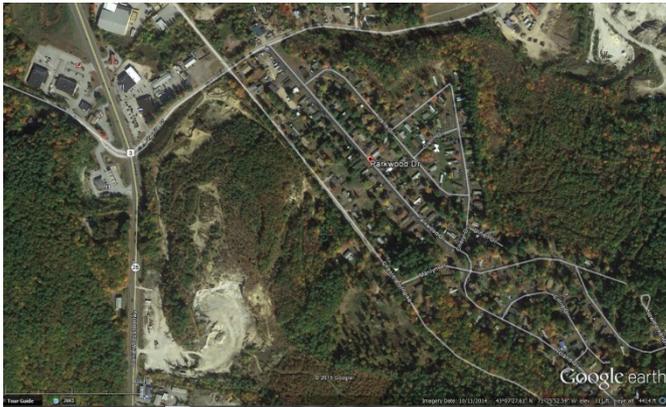


***Property Tax Impact Analysis
Proposed Holiday Acres Expansion
Allenstown, New Hampshire***



September 7, 2016



***Russ Thibeault
Applied Economic Research
Laconia, New Hampshire***

About Applied Economic Research

- ***Established in 1976;***
- ***Economic consultants to municipalities, state government, financial institutions, developers;***
- ***Russ Thibeault, President, has completed assignments in 30+ states;***
- ***Extensive impact experience spanning 40 years;***
- ***Retained by both communities and developers.***

About Property Tax Impact Analysis

- Combination of art and science
- Endeavors to place development in one of three categories:
 - Additional revenues likely to exceed additional costs;
 - Additional revenues likely to more or less match additional costs;
 - Additional revenues likely to fall short of additional costs;

Conclusions

- When completed, over the course of several years, the Development will consist of 210 age-restricted (age 55+) houses;
- The estimated net increase in assessed value is \$29.6 million, generating \$900,000+/- per year in local property taxes;
- Interior roads and utilities will be maintained by Holiday Acres at no cost to the Town;
- After allowing for allocated expenses (very conservatively estimated), the proposal will generate at least \$500,000+/- annually in revenues after allowing for allocated municipal and school costs;
- Spending by the residents of the new houses will support local businesses;
- Because occupancy will be age-restricted, proposed development will not impose a burden on local schools (conservatively estimated to generate 15 students);
- There is sufficient capacity in the school system to accommodate the new students likely to be generated;
- Municipal services (police, fire, roads) have the capacity to accommodate the proposed development;
- In addition to property taxes, the new houses will pay one-time sewer hook-up fees estimated to be \$4,162 per unit, totaling \$874,000;
- New units will also pay one-time water system connection fees of \$1,500 per unit (\$315,000);
- Residents will pay miscellaneous fees such as motor vehicle registrations, etc.

Summary of Impacts

<i>Synopsis of Projected Impact</i>		
<i>Holiday Acres Property Tax Impact</i>		
<i>All Age Restricted, All Double Wides</i>		
	Total	Per Unit
Total Houses	210	
Local School Enrollment Generated	15	0.07
Increase in Assessed Valuation	\$ 29,624,200	\$ 141,068
Property Tax Impact	Total	Per Unit
Additional Property Tax Revenues	\$ 883,000	\$ 4,205
Calculated Additional School Expenses	\$ (113,000)	\$ (538)
Calculated Additional Municipal Expenses	\$ (257,000)	\$ (1,224)
Net Local Property Tax Impact	\$ 513,000	\$ 2,443

The Proposed Development

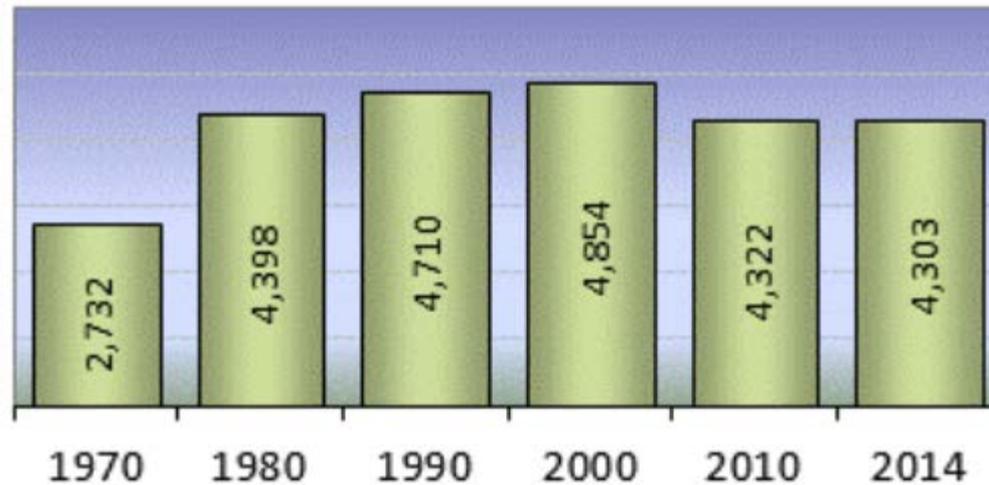
- 210 house site expansion of existing Holiday Acres (298 current sites) all double wide houses, all age-restricted (age 55+);
- Additional Assessed Value Estimated to be \$29.6 million:

<i><u>Holiday Acres Proposed Expansion Assessed Valuation</u></i>			
	Units	Assessed Value per House	Estimated Assessed Value
Single Wide	-	\$ 50,000	\$ -
Double Wide	210	\$ 112,500	\$ 23,625,000
Subtotal: Houses	210		23,625,000
Extra Features: Roads, Utilities, Sites	210	\$ 31,000	\$ 6,510,000
Total Assessment: New Houses	.		\$ 30,135,000
Less: Current Assessment (Land Value)			\$ (510,800)
Net Increase in Assessment			\$ 29,624,200
Assessed Value per House based on town assessments and developer's estimate			

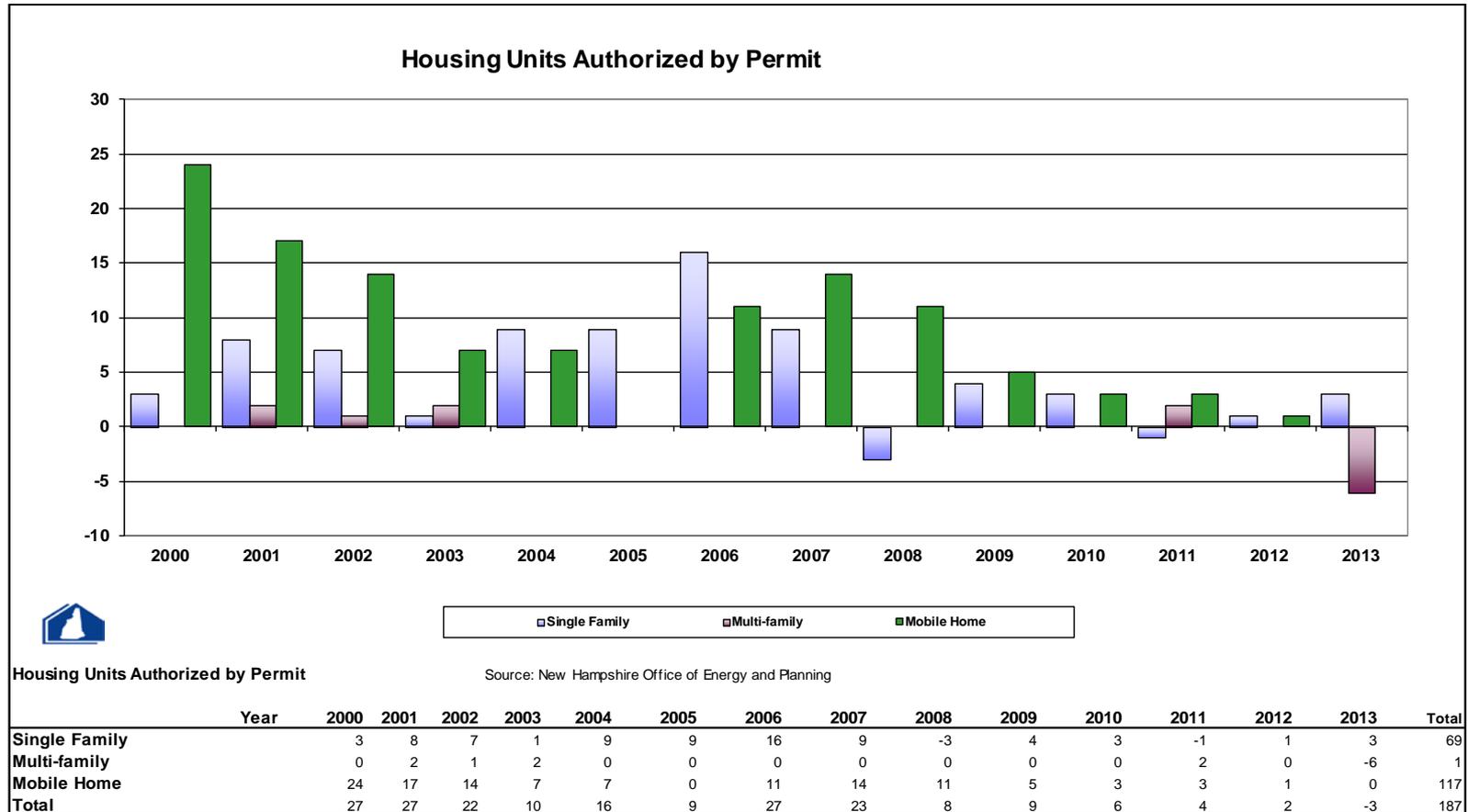
Town Growth and Finance Trends

Note: Analysis revises AER's prior analysis by reflecting the revised development proposal, but retains 2014 Town financial characteristics

Town's Population Has Fallen Slightly Since Year 2000

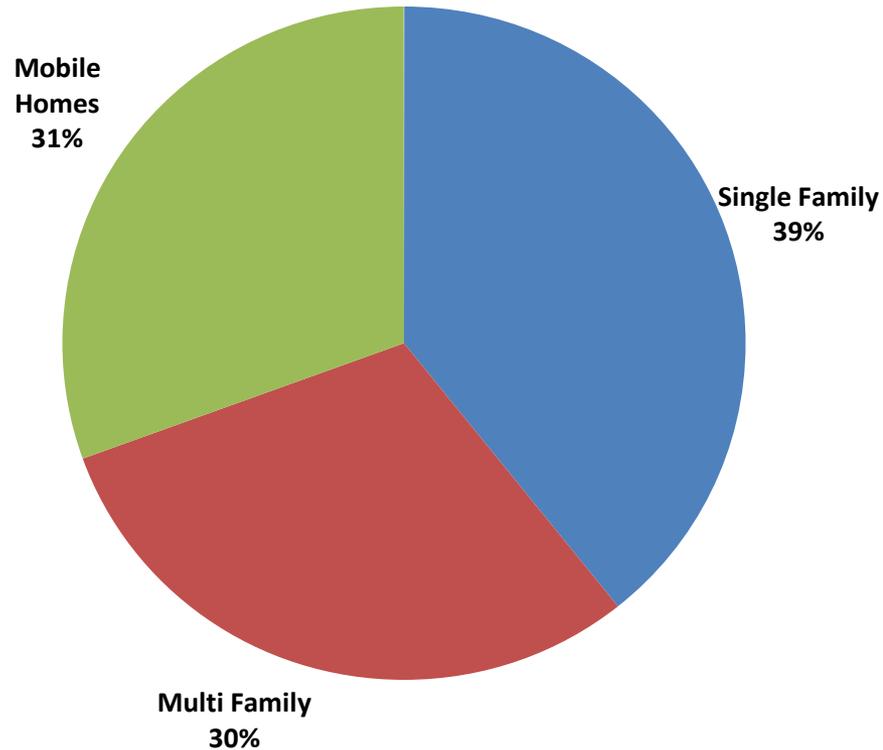


Town Has Not Added Many New Housing Units in Recent Years— Recession and Sewer Moratorium (Now Lifted) Subdued Growth

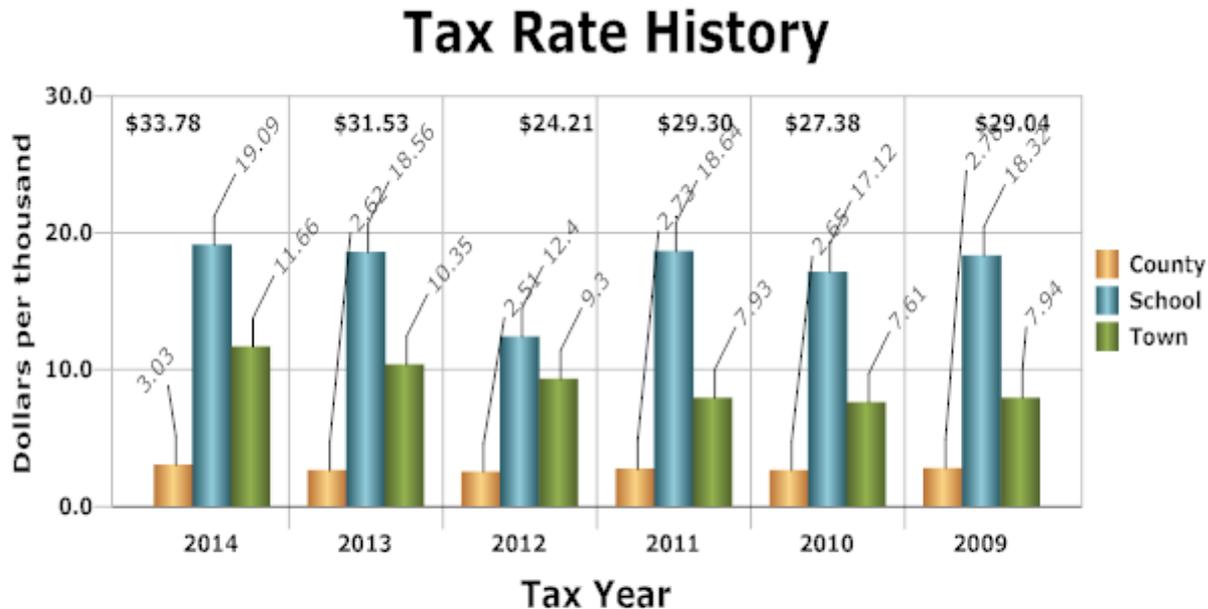


Allenstown Has a Diverse Mix of Housing Units

Manufactured Housing Units=30% of Current 1,812
Total Units

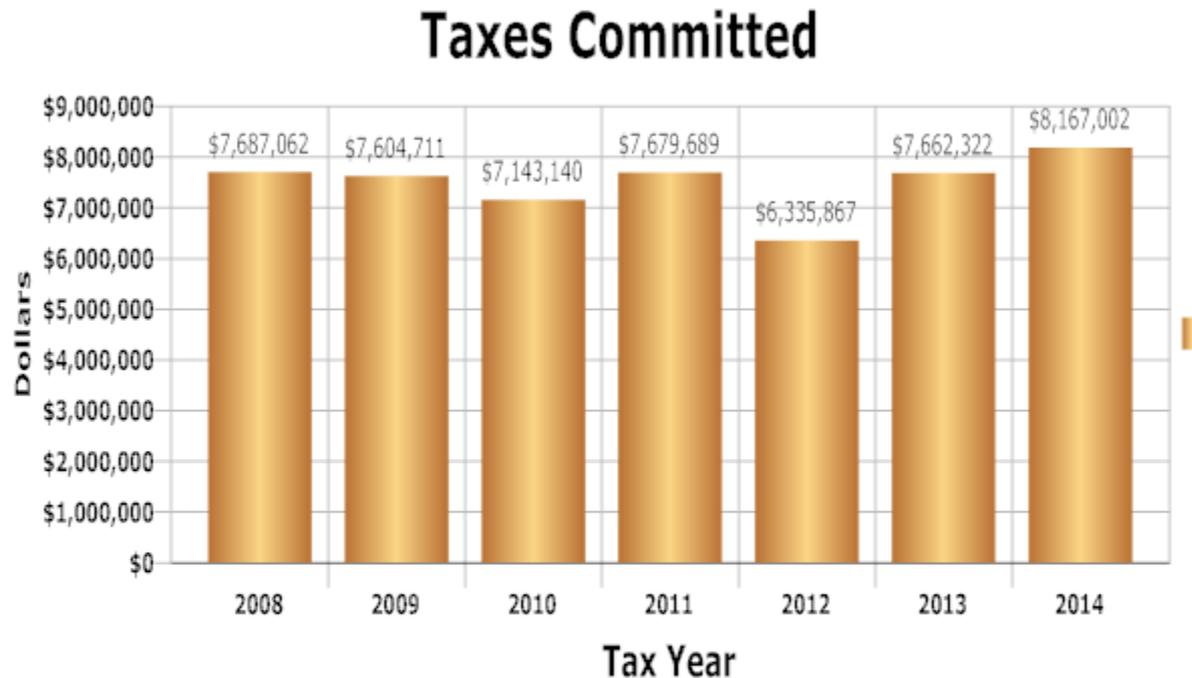


Tax Rate Has Risen Recently



This chart shows the tax rate history in dollars per thousand for each tax year. There are a number of factors that determine the rate.

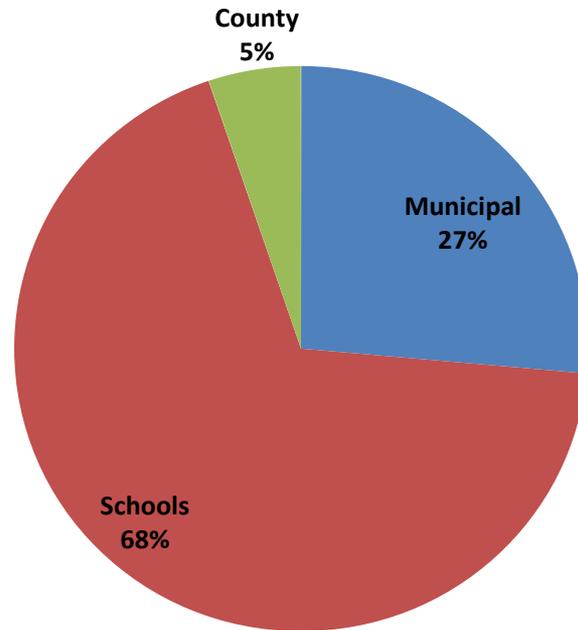
Property Taxes Committed Have Risen from a Recent Low in 2012, But Not Dramatically Since 2008



This chart depicts the actual property tax levy for each year. This amount represents the total amount of taxes levied for the local school, town and county tax needed to meet the appropriations set minus the other anticipated revenues.

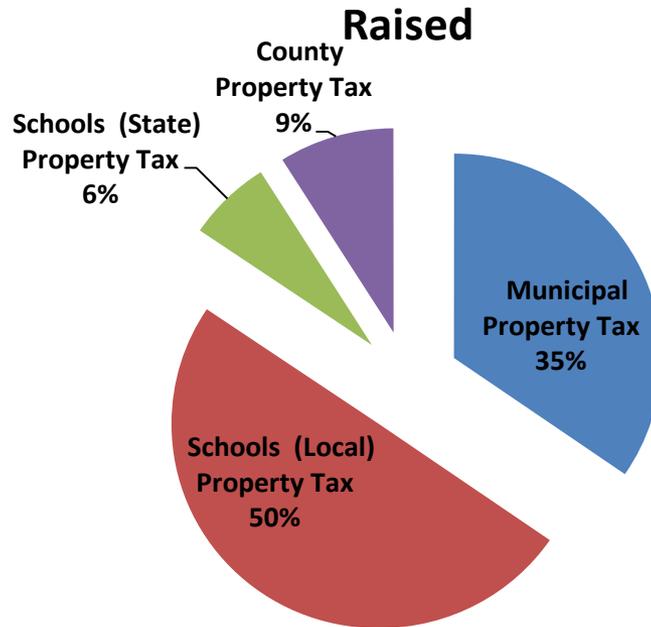
Schools=Two-Thirds of Local Appropriations

Allenstown 2014 Appropriations By Function



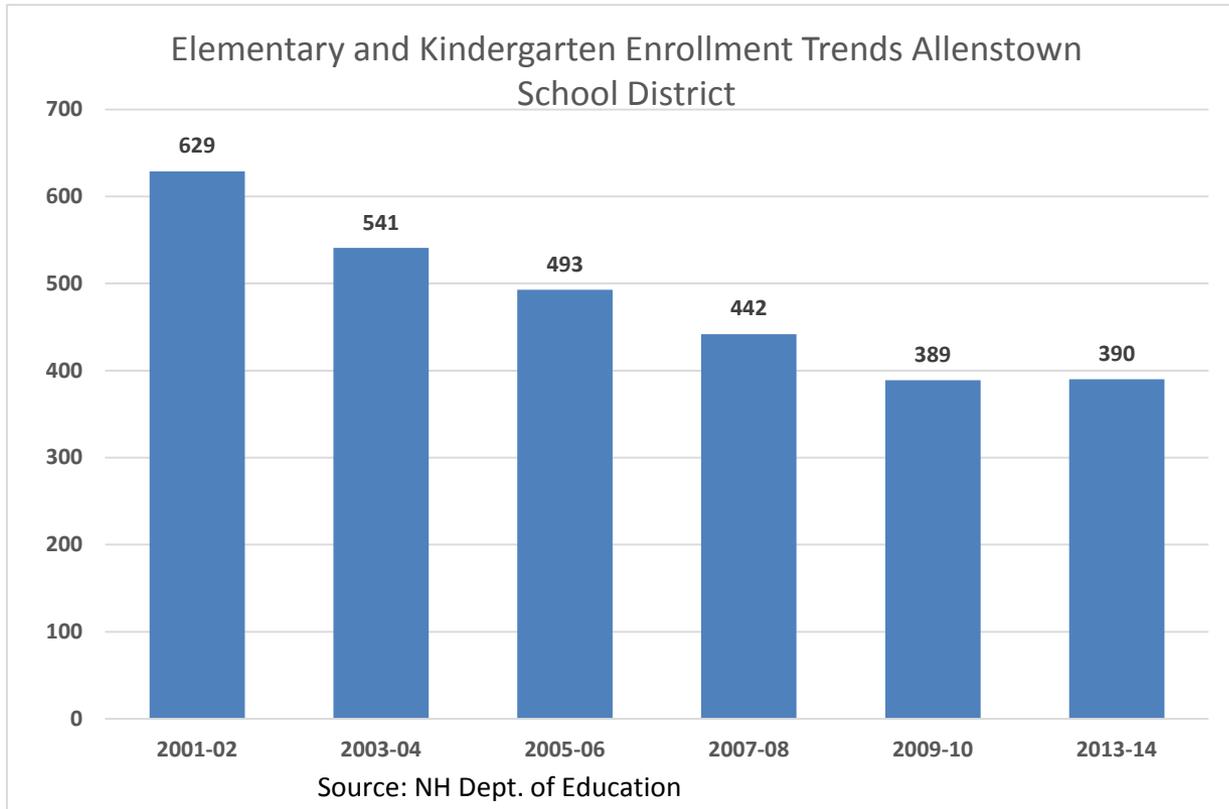
Schools Consume 50% of Property Taxes Raised

2014 Share of Allentown Property Taxes Raised

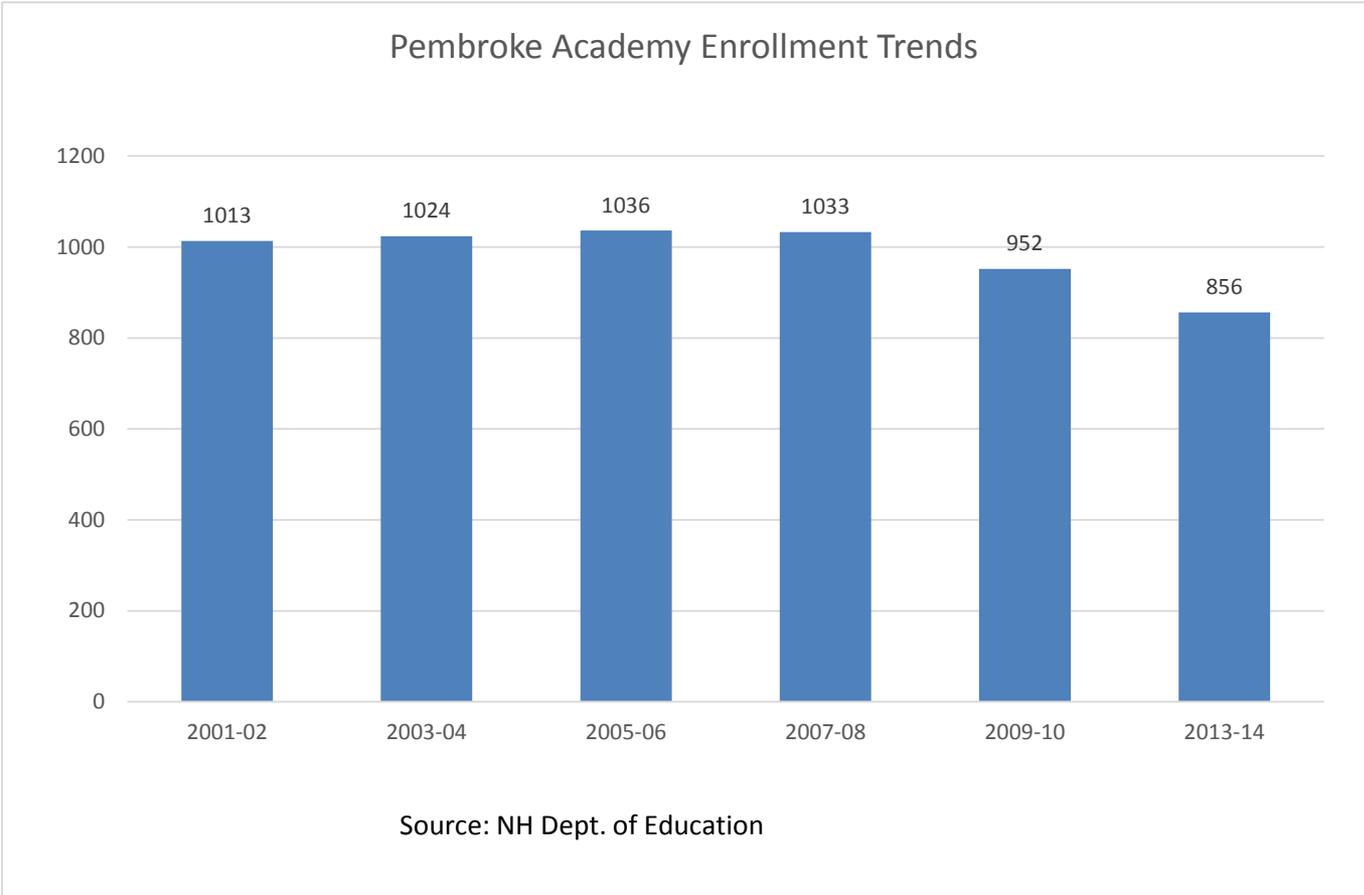


Estimated Enrollment Impact

Allenstown Enrollment In Elementary and Middle School Has Been Falling Dramatically (-239 2001-2013), Because Boomers Are Aging and Allenstown Is Not Growing Rapidly

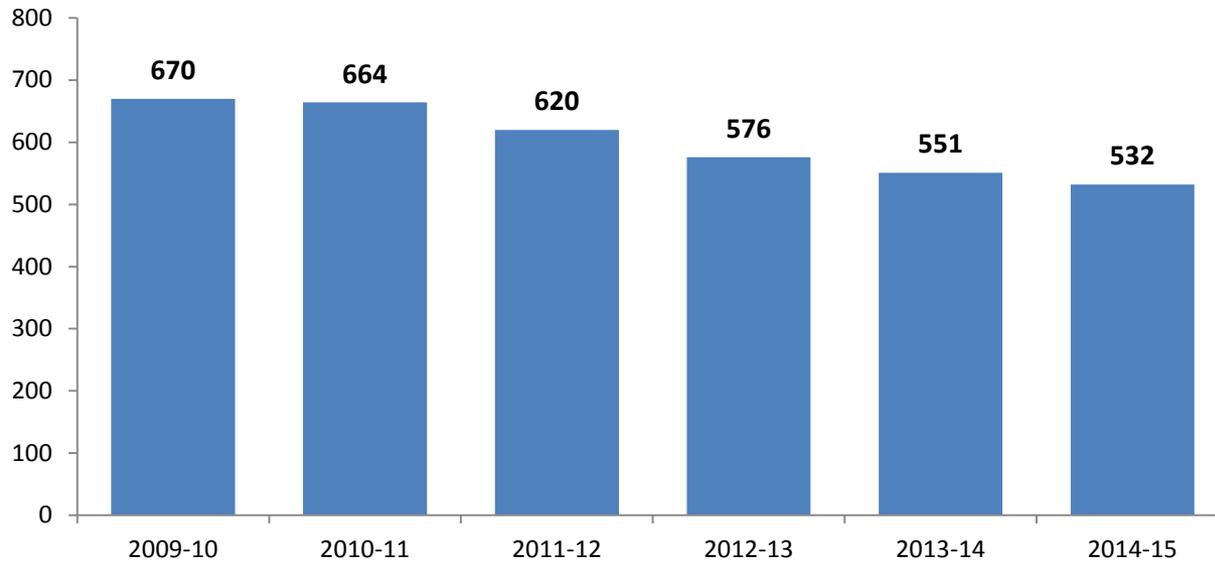


Pembroke Academy Total Enrollment (From All Communities Served) Has Also Fallen



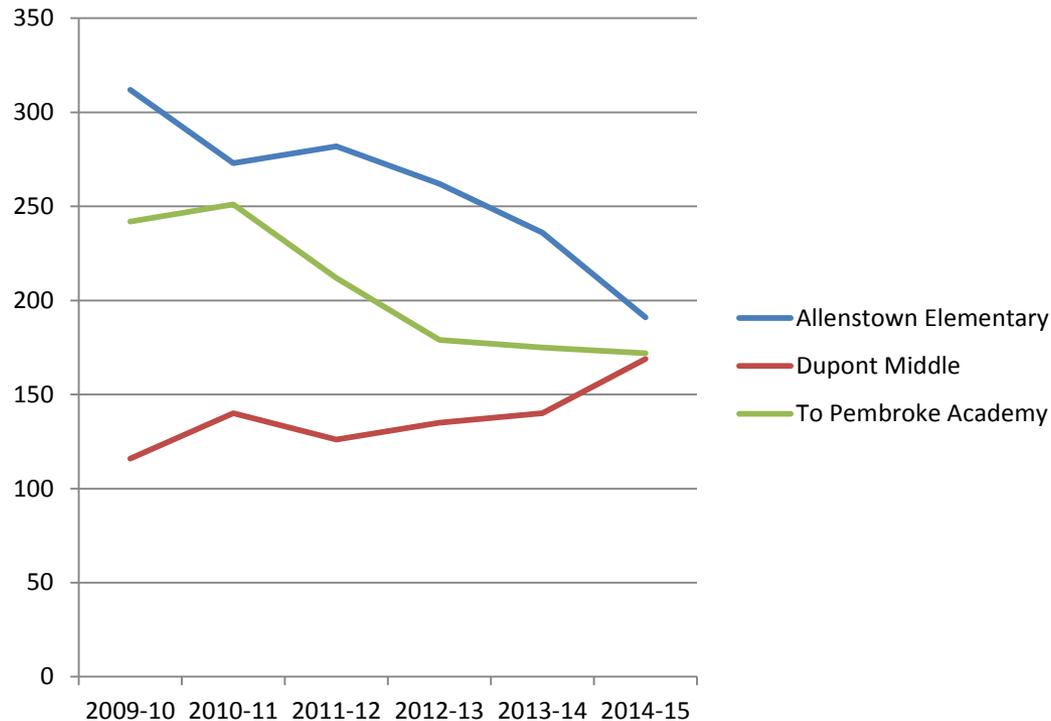
Students from Allenstown Fall By 138 Since 2009-10

**Total Allenstown Enrollment Including Students
Sent To Pembroke Academy**



Enrollment By Grade Level: Lower Elementary Enrollment Portends Continuing Enrollment Declines—Consistent with State Trends

Enrollment Trends By Grade Level



Note: Grade 5 shifted from elementary to middle school in 2014-15

Source: SAU 53

C:\Users\Russ\Documents\allenstown holiday acres\[Copy of AES-ARD Enrollment History with pembroke.xlsx]Sheet1

Housing Units in Allentown Generate an Average of 0.31 Students per Unit, Slightly Less than State Average of 0.40

Enrollment by Grade Level: Allentown 2014-15		
Occupied Housing Units	1787	
		Per Unit
Elementary	233	0.11
Middle	239	0.10
Pembroke	172	0.10
<i>Total</i>	<i>644</i>	<i>0.31</i>

Source: SAU 53 and American Community Survey

Age Restricted Units Generate Some, But VERY Few Students

School Generation in Age-Restricted Housing In NH

Development	Location	Type	Occupied Units	Unit Type	School Children
Ledgewood Village	Manchester	Age Restricted 55 and over	149	Manufactured Housing Single Family	0
The Mews	Bedford	Age Restricted: 55 and Over	95	Detached, zero lot line	1
Parish Hills	Londonderry	Age Restricted: 55 and Over	26	Single Family Detached	0
Forest Hills	Londonderry	Age Restricted: 55 and Over	12	Single Family	0
Buttrick Village	Londonderry	Age Restricted: 55 and Over	40	Triplex	0
Harvest Village	Londonderry	Age Restricted: 55 and Over	45	Duplex Attached in 6,10 and 12 unit buildings	0
Whispering Winds	Windham	Age Restricted: 55 and Over	66		0
Heron Cove		No restriction, but designed for and Marketed to Empty 87 Nesters	87	Single Family	2
			<u>520</u>		<u>3</u>

Source: Fougere Planning

210 New Age-Restricted Houses at Holiday Acres Will Generate an Estimated 15 Students

	Proposed Houses	Students per House	Students		
Elementary	210	0.02	4		
Middle	210	0.02	4		
Pembroke Academy	210	0.03	7		
	210	0.07	15		

Not All School Costs Are Variable (Administration Costs Will Not Change Due to Holiday Acres)—and Schools Have Capacity to Accommodate New Students Because Enrollment Has Been Declining. Local Variable Costs Estimated to Be 59% of Total Costs for Elementary and Middle Students

<i>School Variable Expenses</i>			
	Total	% Variable	\$ Variable
Instruction	\$ 5,527,853	75%	\$ 4,145,890
Support Services	\$ 725,983	75%	\$ 544,487
General Administration	\$ 42,562	0%	\$ -
Executive Administration	\$ 2,975,633	25%	\$ 743,908
Non Instructional Services	\$ 192,779	67%	\$ 128,584
Fund Transfer	\$ 41,181	0%	\$ -
	\$ 9,505,991	59%	\$ 5,562,869
Net Property Tax Appropriation per Student (2014)	\$ 7,089		
% Variable	59%		
Net Appropriation Variable Cost/Student	\$ 4,149		

Estimated Incremental School Costs

<i>Estimated Incremental School Costs: Holiday Acres Proposed Units</i>				
	Students	Variable Cost/Student		Cost
Elementary+Middle	8	\$	4,149	\$ 35,000
Pembroke Academy	7	\$	11,075	\$ 78,000
Total	15			\$ 113,000
Pembroke Academy cost based on current tuition payment				
Elementary and Middle School based on estimated variable				
costs funded by property taxes				

Estimated Municipal Costs

All Municipal Costs Considered Variable

<i>Estimated per Unit Municipal Costs Funded by Property Tax</i>		
Total Spending on Municipal Functions Funded By Property Tax	\$ 2,804,433	
% Attributable to Residential	78%	Based on Assessed Value
Amount Attributable to Residential	2,187,458	
Total Occupied Housing Units in Allentown	1,787	American Community Survey
Cost per Unit: Municipal Functions	\$ 1,224	
Houses Proposed	210	
Municipal Costs (Average Cost Basis)	\$ 257,000	

Estimated Assessed Value and Incremental Tax Revenues

Estimated Additional Local Property Tax Revenues

<i>Revenues</i>		
Anticipated Assessment	\$	30,135,000
Less: Current Assessment	\$	(510,800) Land Value per tax card
Net Increase In Assessed Value	\$	29,624,200 Anticipated less Current Assessment
Local Tax Rate for Town Functions	\$	11.31 per \$000 of assessed value
Local Tax Rate for School Funtions	\$	16.03 per \$000 of assessed value
State Education Tax Rate Rate	\$	2.48 per \$000 of assessed value
Total Property Tax Rate Excluding County	\$	29.82 per \$000 of assessed value
Property Tax Revenue Increase	\$	883,000 Net Increase/1000 X Tax Rate

Estimated Net Property Tax Impact: Revenues Exceed Allocated Costs

<i>Projected Revenues and Expenses</i>		
<i>Revenues</i>		
Anticipated Assessment	\$ 30,135,000	
Less: Current Assessment	\$ (510,800)	Land Value per tax card
Net Increase In Assessed Value	\$ 29,624,200	Anticipated less Current Assessment
Local Tax Rate for Town Functions	\$ 11.31	per \$000 of assessed value
Local Tax Rate for School Functions	\$ 16.03	per \$000 of assessed value
State Education Tax Rate Rate	\$ 2.48	per \$000 of assessed value
Total Property Tax Rate Excluding County	\$ 29.82	per \$000 of assessed value
Property Tax Revenue Increase	\$ 883,000	Net Increase/1000 X Tax Rate
<i>Expenses</i>		
<i>Schools</i>		
		From School Generation Sheet
Students Generated	15	
Less: Current Students	0	
Net Enrollment Change	15	
Variable Cost Funded By Property Tax		Students times Cost per Student
Total Property Tax Funded School Expense	\$ 113,000	
<i>Municipal</i>		
		From Project info sheet
Houses Proposed	210	
Less: Current Houses	0	
Net Change in Houses	210	
Total Property Tax Funded Munic. Expense	\$ 257,000	Houses times Municipal costs
Total, Municipal and School Expense	\$ 370,000	
Net Annual Impact	\$ 513,000	