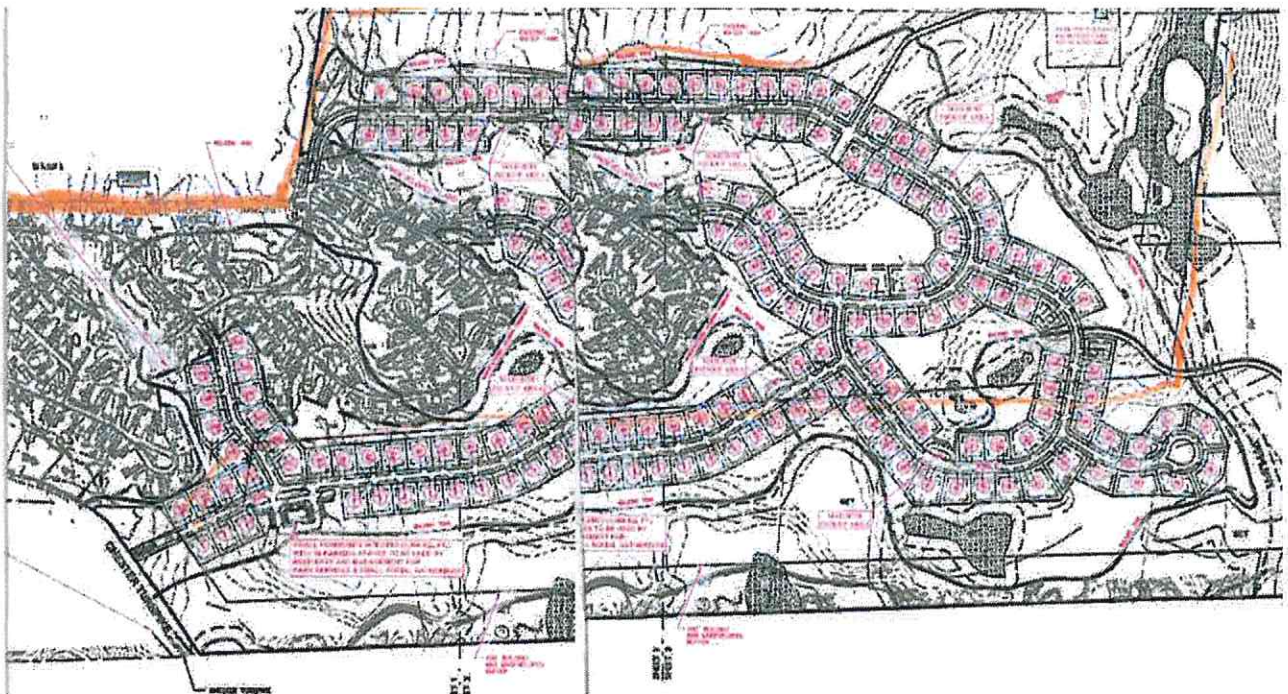


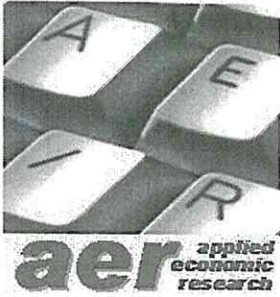


*Estimated Fiscal Impact  
Holiday Acres New Units  
September 2018*



*Russ Thibeault  
Applied Economic Research*





***Economic and  
Real Estate  
Advisory  
Services***

***109 Court Street  
Laconia, NH 03246***

***Tel 603.524.1484  
Fax 603.528.6848***

September 4, 2018

James Bianco, Esq  
Bianco Professional Association  
18 Centre Street  
Concord, NH 03301

RE: Holiday Acres

Dear Attorney Bianco:

You have requested this update to my October 6, 2016 analysis of the fiscal impact of the proposal to add age-restricted units to the Holiday Acres manufactured housing development in Allenstown, New Hampshire. I understand the Allenstown Board of Selectmen asked for this update in conjunction with their consideration of issues related to the Holiday Acres proposal—including an extension to the review process.

I offer two approaches to assist the Selectmen in their deliberations:

- I have estimated the impact of the current proposal by utilizing a pro rata restatement of my October 2016 analysis;
- I have contacted other age-restricted parks in New Hampshire to measure their school enrollment.

**Pro Rata Analysis**

At the time of my 2016 analysis the proposal was to develop sites for 210 age-restricted units. At the time of that analysis the proposal called for at least one household member to be age 55 or over. Other household members could be under age 55, including (possibly) school children. I have attached a copy of my presentation as an addendum to this letter.

The Board of Selectmen commissioned a peer review of my analysis and retained Mark Fougere to prepare that review. Mr. Fougere noted in his letter to the Selectmen:

- “The estimated positive fiscal impact of \$513,000 outlined on page 29... *(of Aer’s report)* ...is, again, very conservative and we would expect actual positive revenues to the community to be higher than this finding.”

All fiscal impact analysis includes elements of both science and art. Mr. Fougere’s comments speak to the reasonableness of the estimates in my report.

To guide the selectmen in their consideration of a possible time extension I prepared pro rata (per unit) adjustments to my 2016 analysis to reflect the reduction from 210 units to the now proposed 100 units. The results are:

Date	10/6/2016		9/12/2018
Source	Via Analysis		Estimated
Units Proposed	210		100
Community Type	Age Restricted 55+	Age Restricted 55+	
Estimated Assessed Valuation	\$ 29,600,000	\$	14,095,000
Estimated Annual Property Taxes	\$ 900,000	\$	429,000
Estimated School and Municipal Annual Expenses	\$ (400,000)	\$	(190,000)
Estimated Revenues After Expenses	\$ 500,000	\$	238,000
School Children	\$ 15		7

Based on my prior analysis the 100-unit development would yield an estimated \$429,000 in annual property tax revenues and a "bottom line" benefit of \$238,000 annually after allowing for an estimated \$190,000 in municipal and school expenses.

### **Experience of Other Age-Restricted Parks in New Hampshire**

As part of my current analysis I contacted other New Hampshire parks with an age-restricted provisions. All the age restricted parks I contacted have a provision that no children are allowed. Moreover, the managers I spoke to knew of no age 55+ age-restricted parks that allow school age children.

Tara Estates in Rochester is particularly relevant in that it is owned by the same entity as Holiday Acres and is proposing the 100-unit expansion. The lease for the Tara Estates park clearly notes that all occupants must be 55 or over. I have included a copy of the first page of the Tara lease on the following page.

Presuming the same provision would apply to the expansion of Holiday Acres, the pro rata revenues cited above would remain the same, but the annual expenses would drop, because of the restriction precluding school age occupants. My 2016 analysis estimated school expenses at \$213,000 or \$1,000 per unit overall. Applying this to the above pro rata analysis results in an additional \$100,000 (\$1,000X100 units) in bottom line revenues, raising the net benefit to a figure of \$338,000 annually.

9/4/2018

Page 3

**Conclusion**

The age-restricted Holiday Acres development will generate a surplus of revenues over expenses to Allenstown.

Respectfully Submitted

A handwritten signature in black ink, appearing to read "Russell W. Thibeault". The signature is written in a cursive style with a large initial "R".

Russell W. Thibeault  
President

\2018 0904 letter holiday acres

## **ADDENDUM**

TARA ESTATES  
"Guidelines for Living"

The Rental Agreement (hereinafter called "Agreement") and the Manufactured Home Community Guidelines for Living (hereinafter called "Rules") contained herein are designed to protect and benefit the residents of Tara Estates (hereinafter called "Community") by enhancing and preserving the value and desirability of the community and its manufactured homes and by providing a clean, attractive environment. These provisions are not intended to unduly interfere with, restrict or burden the residents of the community in their enjoyment of the community.

**ADULT COMMUNITY**

- 1.1 Tara Estates is a 55 and older community. One occupant must be at least 55 years old and every other occupant must be at least 40 years old.
- 1.2 The maximum number of bedrooms allowed per home is two (2), and the maximum number of occupants is four (4). The sewer system and pump station designed were based on the volume of sewerage allowed by the Sewer Discharge Permit approved by the State of New Hampshire and the City of Rochester, for two (2) bedroom homes.
- 1.3 Your residency is based on occupancy by those accepted at entry that is listed in the Rental Agreement. For any changes in occupancy thereafter, written permission from management is required. Management, at its sole discretion, may deny any additional occupancy.

**RENT**

- 2.1 The monthly rent is \$ \_\_\_\_\_.
- 2.2 The monthly rent is due and payable on or before the first (1<sup>st</sup>) day of each and every month to Tara Estates, 716 Salmon Falls Road, Rochester, New Hampshire 03868.
- 2.3 A service charge of fifteen dollars (\$15.00) shall be assessed for any monthly rent not received by the management by the tenth (10<sup>th</sup>) day after it is due. The service charge shall be considered the same as rent.
- 2.4 Any check issued for payment of the monthly rent that is returned to the park due to insufficient funds will be charged a service fee of twenty-five dollars (\$25.00) to reflect bank

# 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

*Synopsis of Projected Impact  
Holiday Acres Property Tax Impact  
All Age Restricted, All Double Wides*

	Total	Per Unit
Total Units	210	
Local School Enrollment Generated	15	0.07
Increase in Assessed Valuation	\$ 29,624,200	\$ 141,068

	Total	Per Unit
<b>Property Tax Impact</b>		
Additional Property Tax Revenues	\$ 883,000	\$ 4,205
Calculated Additional School Expenses	\$ (121,000)	\$ (576)
Calculated Additional Municipal Expenses	\$ (257,000)	\$ (1,224)

**Net Local Property Tax Impact**      \$      505,000      \$      2,405

C:\Users\Russ\Documents\allenstown holiday acres\from shawn 2016 09 05\draft all double wides, all age restricted 2016 09 05.xls\School Generation Indicators

# 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:

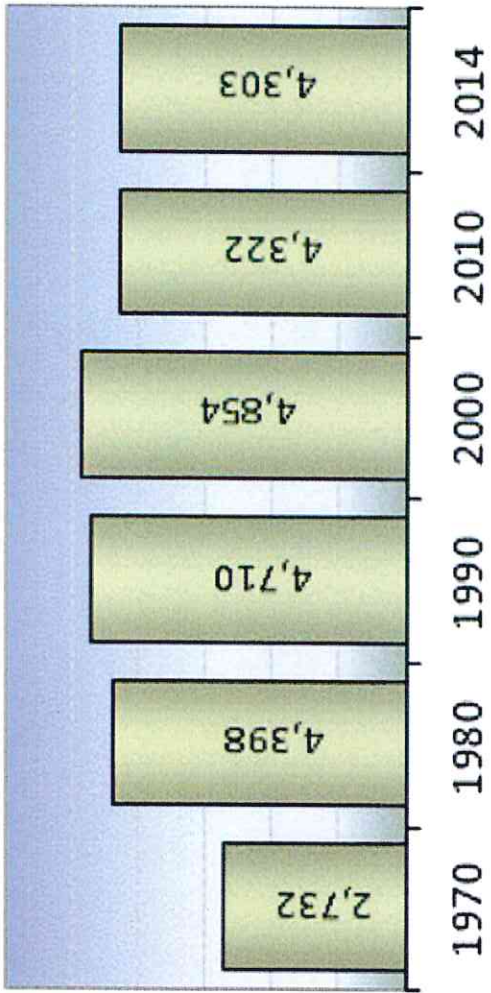
## Holiday Acres Proposed Expansion Assessed Valuation

	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)
<b>Net Increase in Assessment</b>			<b>\$ 29,624,200</b>

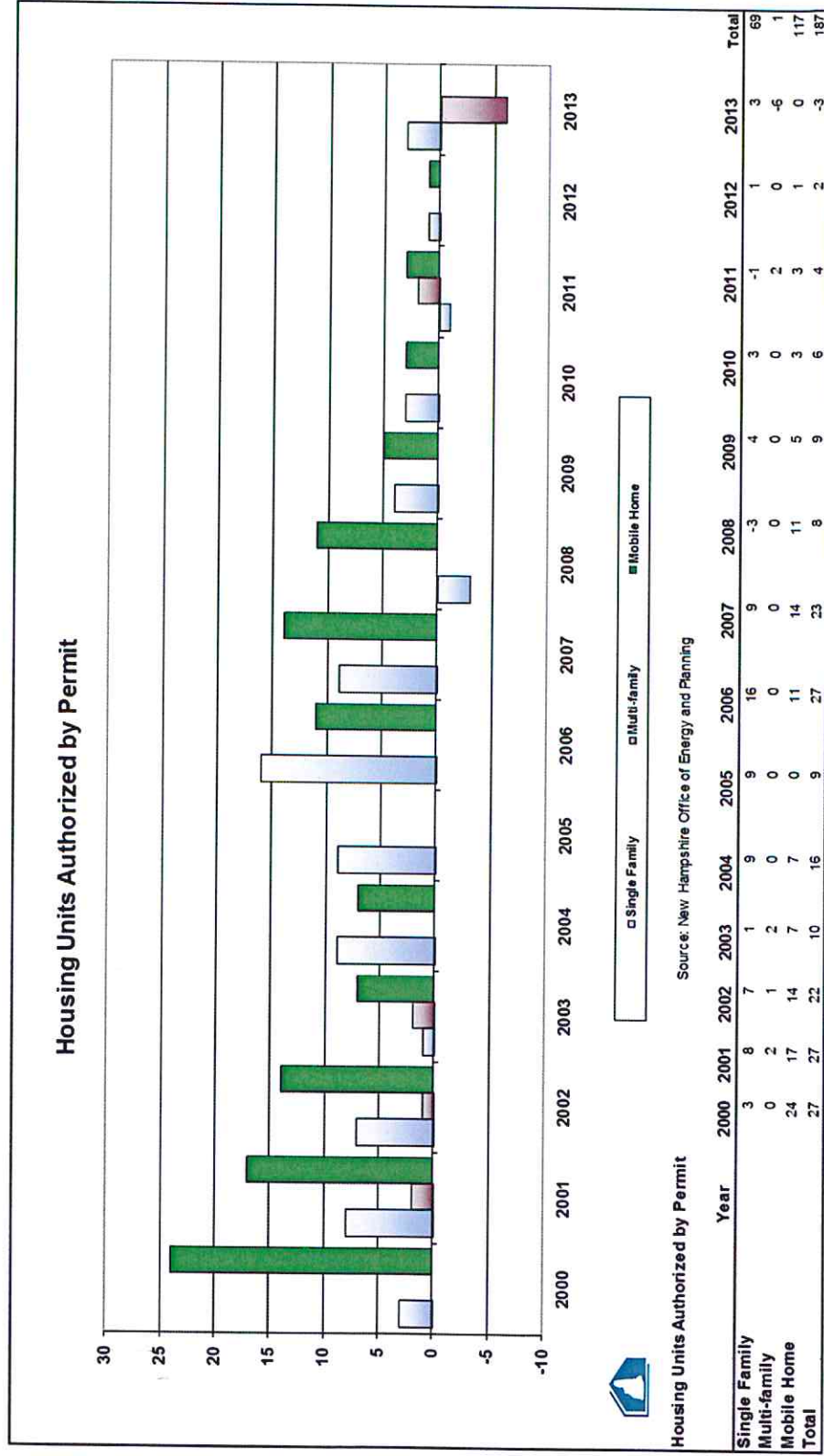
Assessed Value per House based on town assessments and developer's estimate

# Town Growth and Finance Trends

# Town's Population Has Fallen Slightly Since Year 2000

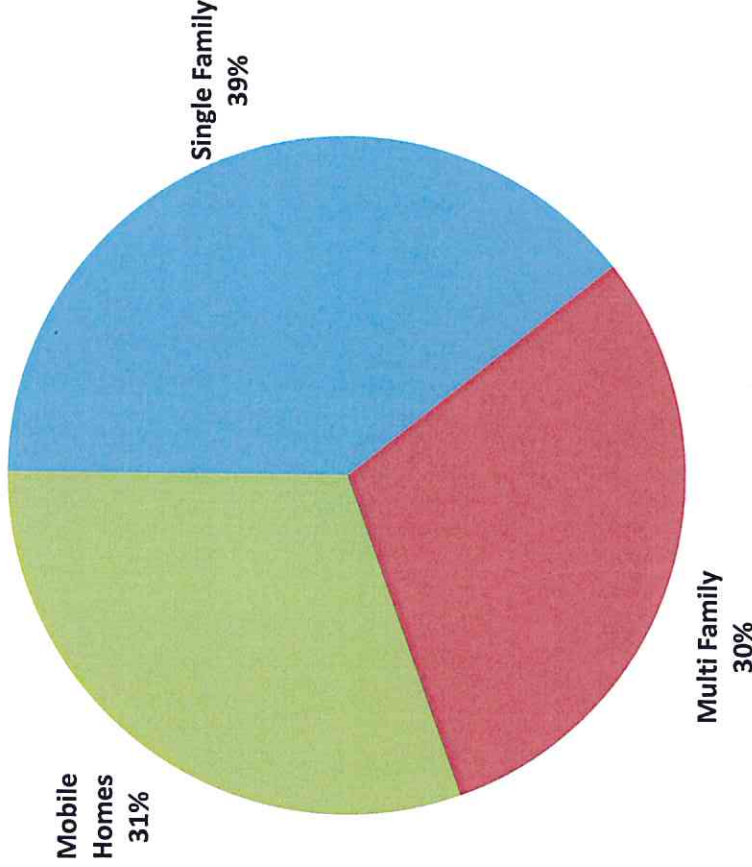


# Town Has Not Added Many New Housing Units in Recent Years— Recession and Sewer Moratorium (Now Lifted) Subdued Growth



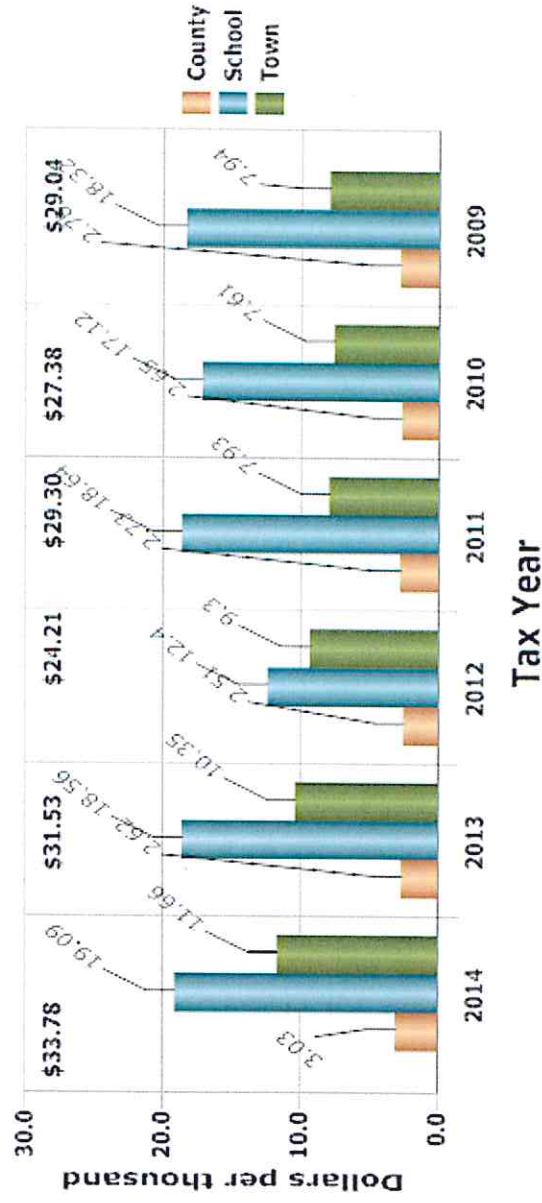
# Allenstown Has a Diverse Mix of Housing Units Manufactured Housing Units=30% of Current 1,812

Total Units



# Tax Rate Has Risen Recently

## Tax Rate History

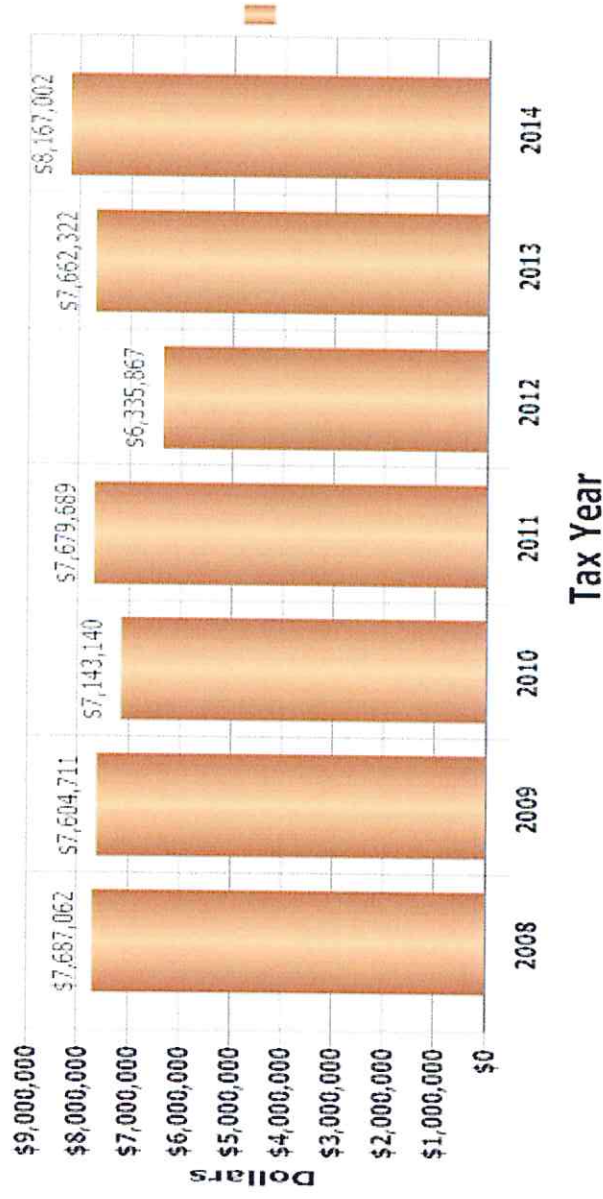


This chart shows the tax rate history in dollars per thousand for each tax year. There are a number of factors that determine the rate.



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

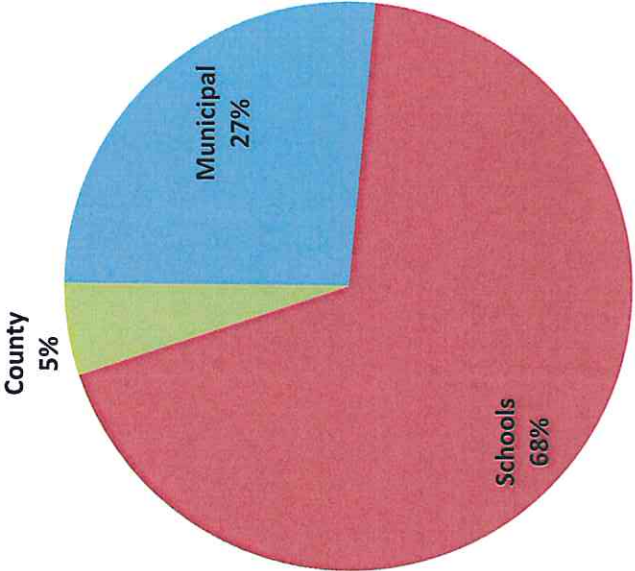
## Taxes Committed



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.

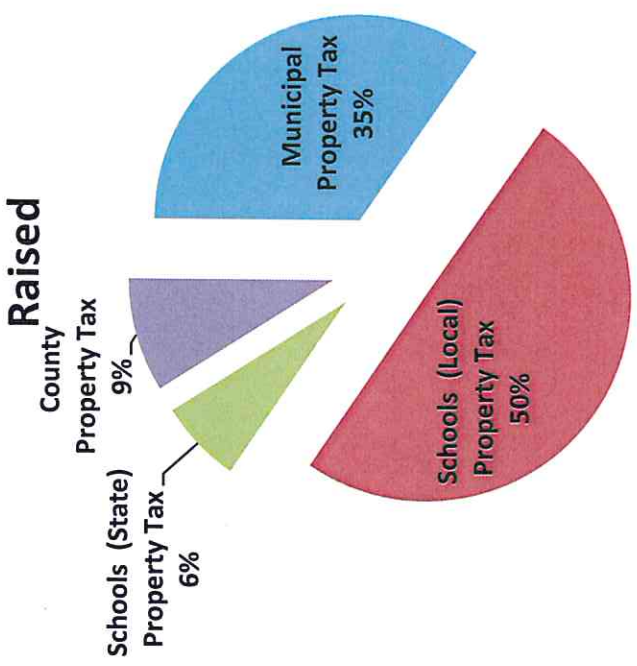
# Schools=Two-Thirds of Local Appropriations

Allenstown 2014 Appropriations By Function



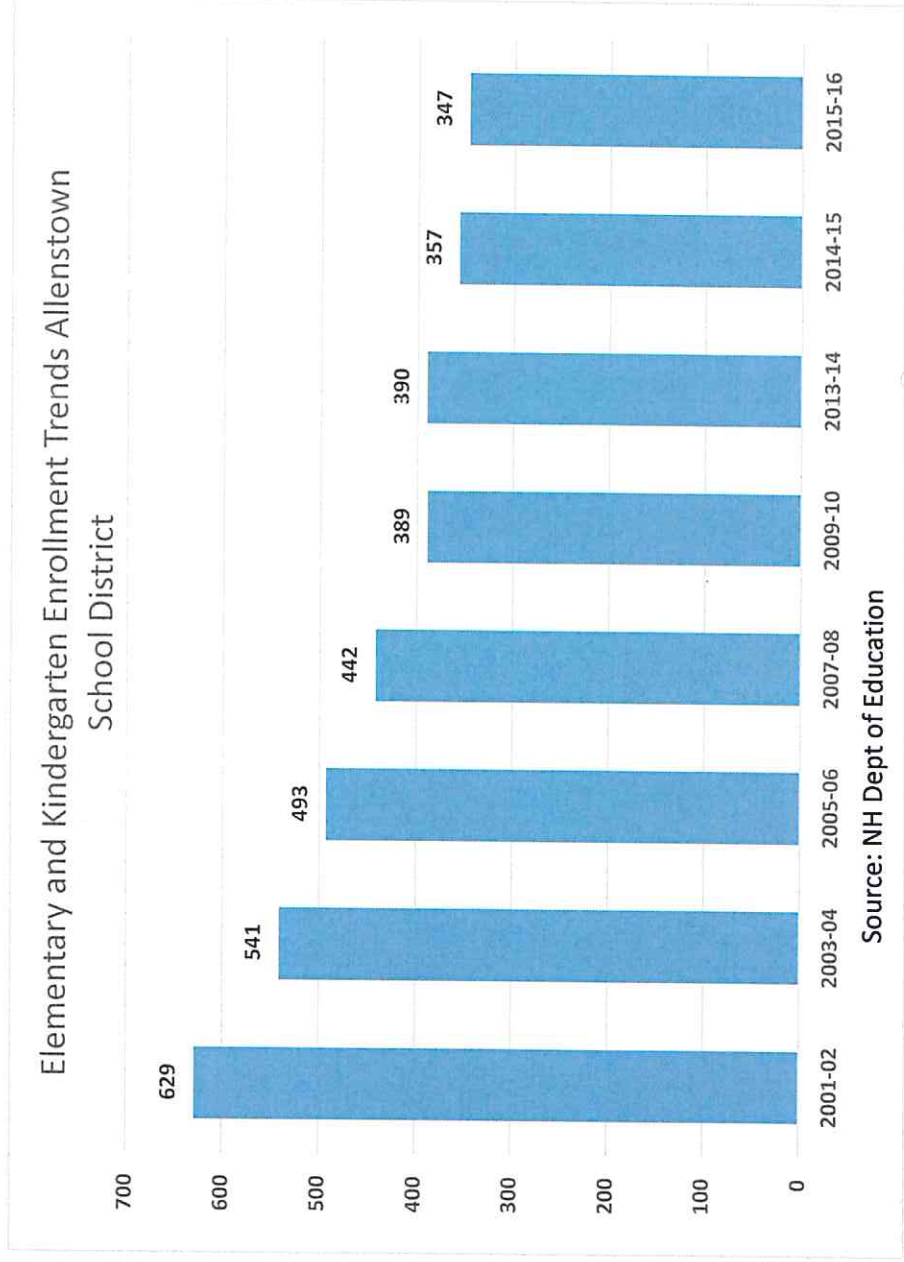
# Schools Consume 50% of Property Taxes Raised

2014 Share of Allentown Property Taxes Raised

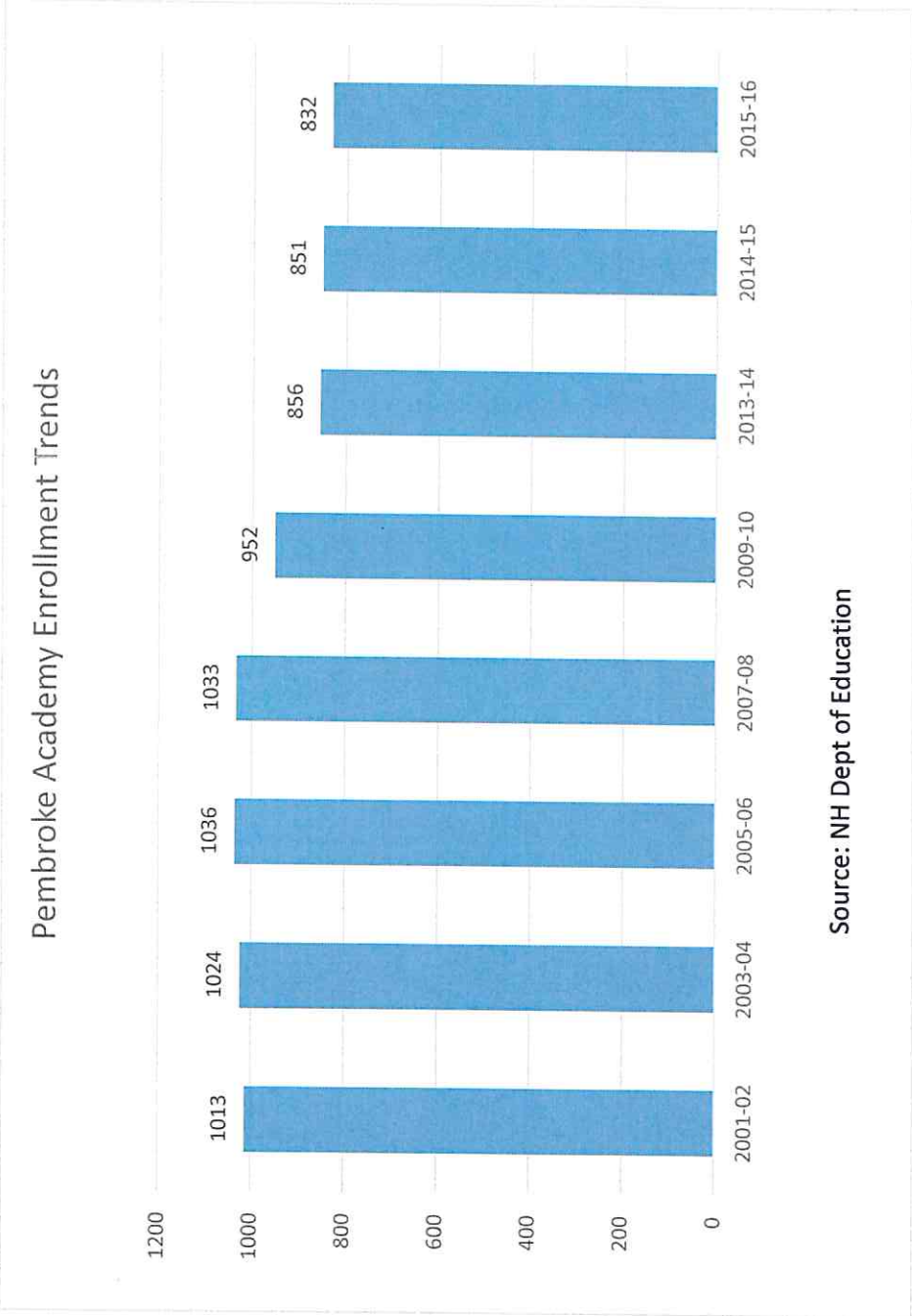


# Estimated Enrollment Impact

# Allenstown Enrollment in Elementary and Middle School Has Been Falling Dramatically (-282 Between 2001 and 2013), Because Boomers Are Aging and Allenstown Is Not Growing Rapidly

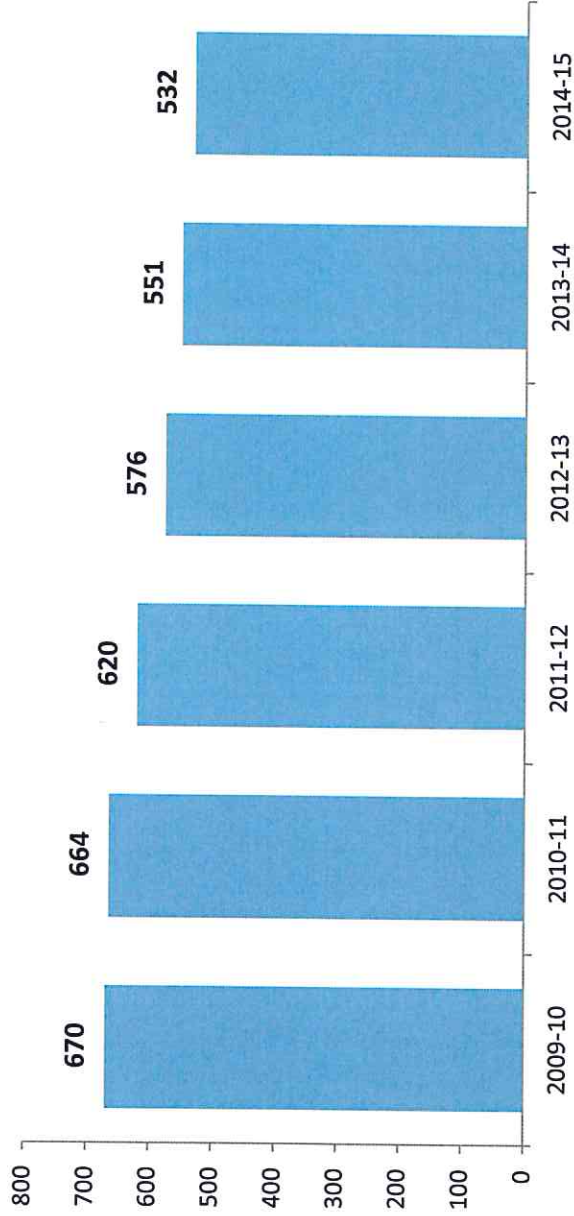


# Pembroke Academy Total Enrollment (From All Communities Served) Has Also Fallen

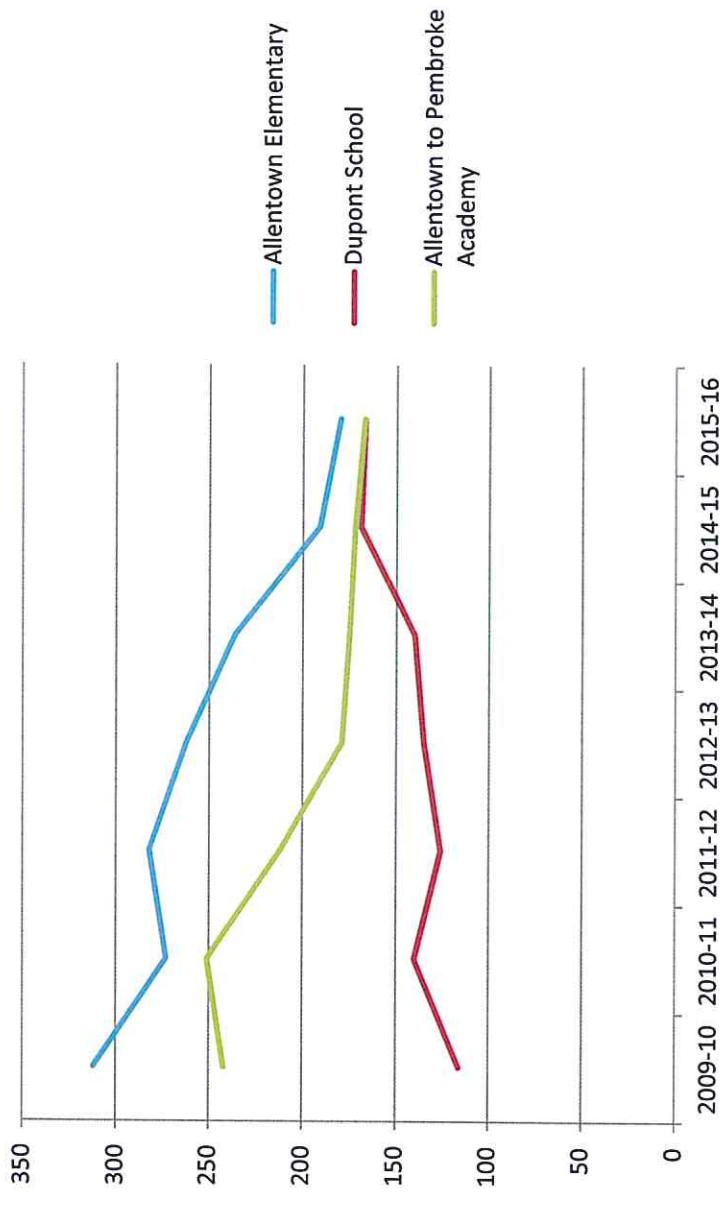


# Students from Allenstown Fall By 138 Since 2009-10

**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 Allentown Elementary to Dupont school in 2014-15*

**Source: SAU 53**

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



# Housing Units in Allenstown Generate an Average of 0.29 Students per Unit, Less than State Average of 0.40

## Estimated School Generation Indicators

2015-16

Occupied Housing Units	1787	(American Community Survey)
Allenstown		
Students	347	Per Unit
Elementary	172	0.11
Pembroke		Fall Enrollment, NH DOE
<b>Total</b>	<b>519</b>	<b>0.10</b> SAU
		<b>0.29</b>

C:\Users\Russ\Documents\allenstown holiday acres\holiday acres fiscal impact calculations.xls | School Generation Indicators

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	0
The Mews	Bedford	Age Restricted: 55 and Over	95	Single Family 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 No restriction, but designed for and Marketed to Empty	66		0
Heron Cove		87 Nesters	87	Single Family	2
			520		3

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

School Variable Expenses

	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)	\$ 8,797		
% Variable		59%	
Net Appropriation Variable Cost/Student	\$ 5,148		

# Estimated Incremental School Costs

## *Estimated Incremental School Costs: Holiday Acres Proposed Units*

	Students	Variable Cost/Student	Cost
Elementary	8	\$ 5,148	\$ 43,000
Pembroke Academy	7	\$ 11,075	\$ 78,000
Total	15		\$ 121,000

Pembroke Academy cost based on tuition payment

# Estimated Municipal Costs

# All Municipal Costs Considered Variable

## Estimated per Unit Municipal Costs Funded by Property Tax

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 Allenstown		1,787	American Community Survey
Cost per Unit: Municipal Functions Houses Proposed	\$	1,224	
			210
<b>Municipal Costs (Average Cost Basis)</b>	<b>\$</b>	<b>257,000</b>	

# Estimated Assessed Value and Incremental Tax Revenues



# Estimated Additional Local Property Tax Revenues

<b>Revenues</b>	
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	\$ 2.48 per \$000 of assessed value
Total Property Tax Rate Excluding County	\$ 29.82 per \$000 of assessed value
<b>Property Tax Revenue Increase</b>	<b>\$ 883,000 Net Increase/1000 X Tax Rate</b>

# Estimated Net Property Tax Impact: Revenues Exceed Allocated Costs

## Projected Revenues and Expenses

<b>Revenues</b>	
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

<b>Expenses</b>	
<b>Schools</b>	
Students Generated	From School Generation Sheet
Less: Current Students	15
Net Enrollment Change	0
Total Property Tax Funded School Expense	\$ 121,000
<b>Municipal</b>	
Units Proposed	From Project info sheet
Less: Current Units	210
Net Change in Units	0
Total Property Tax Funded Munic. Expense	\$ 257,000 Units times Municipal costs
Total, Municipal and School Expense	\$ 378,000
Net Annual Impact	\$ 505,000