

Fiscal Impact Analysis Brady Sullivan, Inc.

25 Canal Street
Allentown, NH
April 16, 2020



FOUGERE PLANNING & DEVELOPMENT, Inc.

Mark J. Fougere, AICP

253 Jennison Road Milford, New Hampshire 03055

phone: 603-315-1288

email: Fougereplanning@comcast.net

FISCAL IMPACT ANALYSIS

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1. Introduction

Fougere Planning and Development has been engaged by Brady Sullivan, Inc. to undertake this Fiscal Impact Analysis to outline potential General Fund revenue increases and demand for services to the Town of Allenstown from the proposal to develop 150 apartment units within the “China Mill” property located at 25 Canal Street. The project involves renovating three of the mill buildings into residential apartment units, with 127 located in the “China Mill” Building, 8 units within the “Waste House” Building and 12 units within the “Store House” building. Table One outlines the unit mix. Many of the sites many historic features will remain intact. The project lies on an 8.2 acre property and will include 264 parking spaces. The site will be supported with a number of on-site amenities including a community room, a fitness center, a movie & game room and library. All on site drives and trash pickup will be privately maintained by the owner; public water and sewer will service the property and user fees will cover all costs.

Table One

Unit Mix

One Beds	23
Two Beds	87
Three Beds	40

This Report will address a number of municipal impacts outlined in Allenstown's Subdivision Regulations Article VI, which requires:

Fiscal Impact Study: Such a study is required when a development would contain the equivalent of two (2) percent of the existing dwelling units within the Town or where the Planning Board finds that a commercial or industrial subdivision may have an adverse fiscal impact on the Town, the applicant must submit an analysis of the projected operating, maintenance and capital costs of the Town. The analysis must contain a summary of the services applicable to the development and of the capital facilities used to deliver the services;

Facilities Impact Study: Where a development contains one hundred (100) lots, one hundred (100) residential units, one hundred (100) gross acres, eight thousand five hundred (8500) gross square feet of office or commercial space, or seventeen (17) gross acres of industrial land the applicant shall submit an assessment of the demands that the development will place on existing or proposed community services including, but not limited to, police, emergency, water, sewer, solid waste, roads, recreation, and Town Offices;

A site impact analysis by the applicant or applicant's consultant either of which must be approved by the Board, at the cost of the applicant School impact analysis: Where a development would generate a school age population equal to one classroom according to current U. S. Census data from Merrimack County, the Applicant must submit an analysis of the impact of the development on the School system.

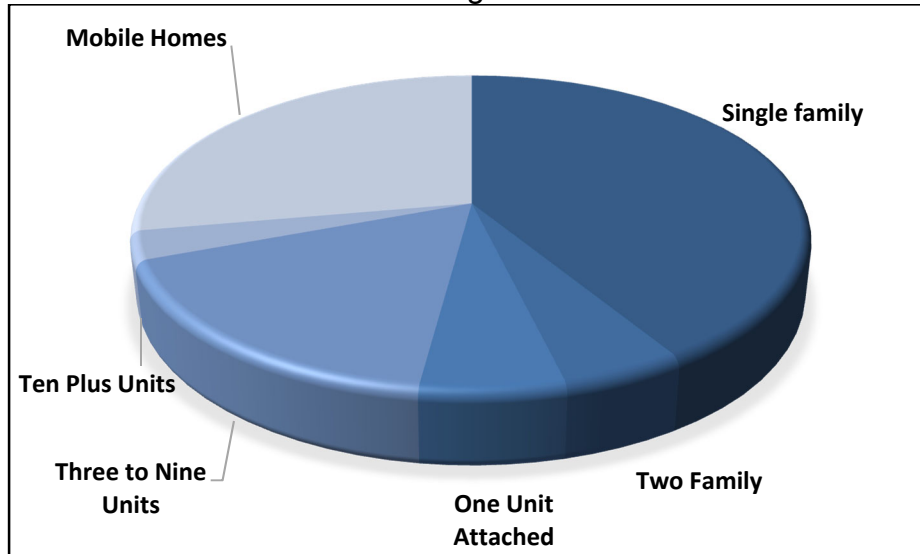
2. Regional and Local Trends

Census figures report that from 2000 to 2010 Allenstown's population decreased from 4,843 to 4,322 over the 10 year period. The most recent census¹ data (2018) reports an estimated population of 4,367, remaining well under 2000 figures.

Approximately 41% of Allenstown's housing stock consists of single family homes, with the Census data reporting 745 single family homes out of a total housing stock of 1,806 units as outlined in Figure One.

¹ 2018 NH Office of Strategic Initiatives.

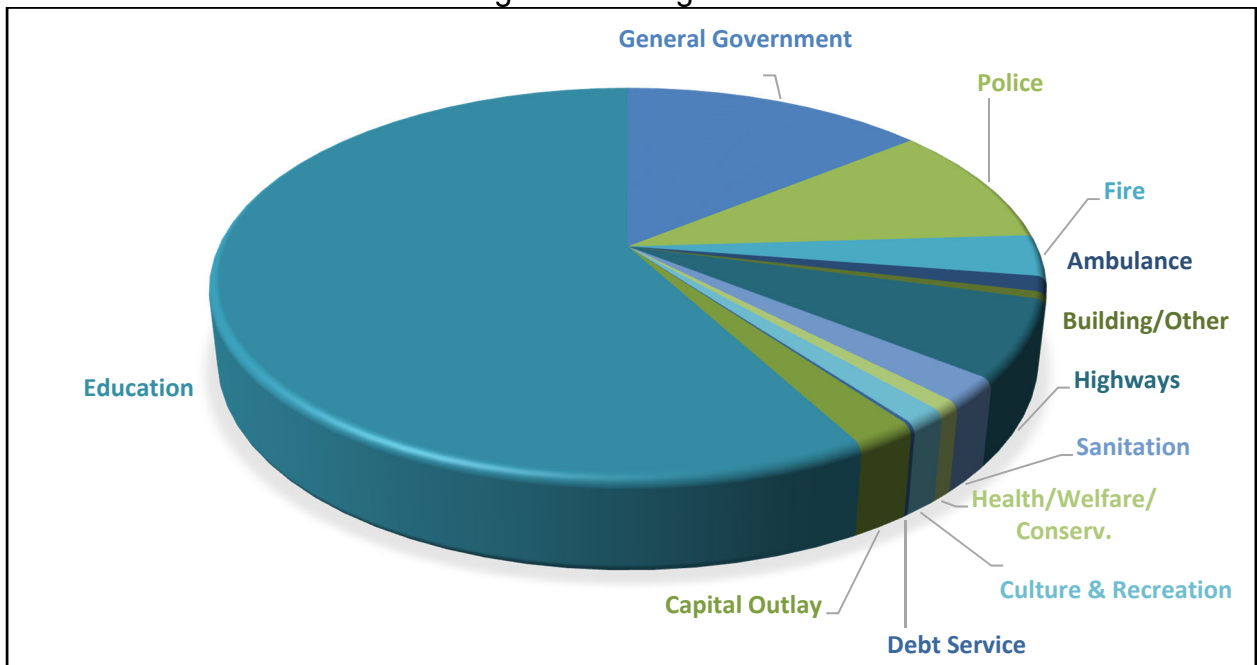
Figure One
Housing Stock



3. Budgets

As outlined in Figure Two, education is the largest municipal budget line item, followed by the emergency service departments. Based on case studies of comparable properties, given the proposed use of the Project, cost impact considerations will be focused primarily on emergency service departments, along with the school department.

Figure Two
Budget Percentages



4. Fiscal Methodology Approach

Fiscal Impact Analyses can have many connotations, this analysis will follow the classic definition of fiscal impact as follows *“A projection of the direct, current public costs and revenues associated with residential or nonresidential growth to the local jurisdiction in which the growth is taking place².”*

There are a number of methodologies that are used to estimate fiscal impacts of proposed development projects. The Per Capita/Unit 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 new development. The basic premise of this method is that current revenue/cost ratios per person and/or per unit is a potential indicator of future revenue/cost impacts occasioned by growth. The advantage of this approach is its simplicity of implementation; however, the downside of this approach is that the methodology calculates the “average” cost as being the expected cost, which is often not the case, and costs can be exaggerated—in some cases significantly. For most new land uses, many department budgets are not measurably impacted in any long term way. To account for this, we have also used a Marginal Cost Approach methodology to estimate potential costs.

Given the nature of the proposed Project, as will be seen by the analysis below, few significant impacts will be felt by most town departments. Solid waste generated by the project will be removed by a private hauler. Any water and sewer expenses will be offset through user fees. All onsite driveways will be private, no new town roads are proposed and all maintenance expense will be paid for by the project owner. This is not to infer that no costs will occur as a result of this project. Measurable operational influences will be felt by a few departments, most noticeable the Schools, Police and Fire Departments.

² Burchell.

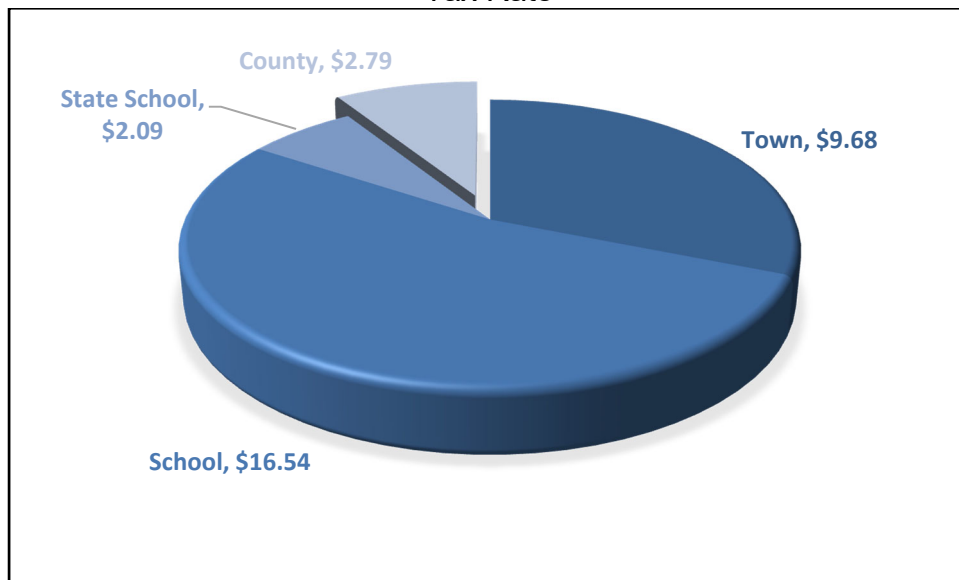
The Report will outline General Fund revenues and municipal service costs. All data, tax rates and costs are assumed to be in FY2019. It should be noted the costs outlined are “estimates” and no actual costs will be realized without review and approval by appropriate department heads, administrators and town elected officials. It is unlikely that all estimated costs outlined in this Report will be realized.

5. Local Revenues

A) Property Taxes

Local property taxes provide the bulk of municipal revenues for New Hampshire communities. The 2019 combined Tax Rate for Allenstown is \$31.10, for this analysis only the local tax rate of \$28.31 will be used excluding County taxes. Figure Three outlines the breakdown of the various components of the tax rate. In 2019, Allenstown had one of the highest tax rates in New Hampshire, ranking 14th out of 260 communities³.

Figure Three
Tax Rate



³ NHDRA

The renovation of mills into housing is a unique land use and as such, we reviewed the assessments from a variety of communities in southern New Hampshire totaling 600 apartment units. As outlined in Table Two, the average per unit assessment was \$80,205 which, when applied to the proposed 150 units generates an estimated assessment of \$12,030,750 and an annual property tax income of \$340,591. The existing property is assessed for \$1,346,500 and generates \$38,105 in local revenues annually. This project will increase the town's residential assessment by 5.8% and tax revenue by 4%.

Table Two
Estimated Property Tax Revenue

Property	Location	Assessment	Units	Value/Unit
Clocktower I	Nashua	\$13,032,700	143	\$91,138
Clocktower II	Nashua	\$14,445,300	183	\$78,936
Canal Street	Somersworth	\$7,547,100	87	\$86,748
Mill Place West	Concord	\$1,553,800	21	\$73,990
Briar Pipe	Concord	\$4,006,800	77	\$52,036
Colonel Mills	Keene	\$7,537,300	89	\$84,689
Average		\$48,123,000	600	\$80,205
Proposed	Allenstown	\$12,030,750	150	
Estimated Local Taxes		\$340,591		

This project is not viable without a 79E- tax classification. The Property Owner engaged the town prior to purchase regarding the ability to obtain 79-E status. Given the significant investment proposed (\$????), the town encouraged the purchase of the property and initiated the 79-E authorization designation. The town scheduled a special meeting and voted favorably to authorize the Selectman to grant 79-E status. With this designation, the increase in valuation outlined in Table Two will be postponed for six years?? and the noted taxes will not be paid. During this period existing taxes will continue to be paid (\$38,105) along with the estimated new vehicle registration revenue outlined below (\$32,400). Once the project is at full occupancy, annual estimated revenues will be \$70,505.

B. Vehicle Registrations

Another major revenue source for the community is from motor vehicle registration fees. In fiscal year 2019 the Town of Allenstown received a total of

\$800,466 from this revenue source. Based on an estimated 225 cars owned by the apartment tenants⁴, we have estimated annual registration fees of \$32,400 as detailed in Table Three.

Table Three
Motor Vehicle Permit Fees

225 Vehicles @ \$12,000/each	-
$\$2,700,000/\$1000 \times \$12/\$1,000 =$	\$32,400

C) Total Project Revenues

The proposed development is expected to generate \$372,991 in revenue from both property tax and automotive registration fees as outlined in Table Four.

Table Four
Projected Gross Revenue

	Revenue
Estimated Property Tax Revenue	\$340,591
Estimated Registration Fees	\$32,400
Estimated Total Project Revenue	\$372,991

6. Municipal Service Costs

Police & Fire

The Police and Fire Departments are projected to experience some measurable impact from the proposed project. For fiscal year 2020, the Police Department budget is \$936,591 and \$323,200 for the Fire Department. To assess the degree of impact this Project would have on these departments, emergency calls were analyzed from over 2,200 apartments in the region including the Emerson Mills complex in Pembroke. Emergency call data was obtained from the police and fire departments and averaged to determine the numbers of calls annual per unit. These ratios were then totaled to derive a total average call volume per unit, which was then used to generate projected emergency calls for each Department as detailed in Table Five.

⁴ 1.5 vehicles per unit.

Extrapolating from the comparable call data, increases in call volume are projected to the Town's Police and Fire Departments. Annual Police calls are projected to increase by 54 new calls per year (Avg. Department calls in 2018/19: 5,810), annual fire calls are projected to increase by 14 new calls per year (Avg. Department calls in 2018/19: 717).

Table Five
Average Calls: Police-Fire

Project	Town	Units	Avg. Police Calls Per Year	Avg. Call Per Unit	Projected Calls
Heritage on the Merrimack Apartments	Bedford	240	79	0.33	
Bowers Landing	Merrimack	104	117	1.13	
Bay Ridge	Nashua	412	129	0.31	
Royal Crest	Nashua	902	388	0.43	
Boulder Park	Nashua	482	62	0.13	
Emerson Mills	Pembroke	71	20	0.28	
Totals		2,211	796	0.36	
Proposed Apt.		150		0.36	54
Project	Town	Units	Avg. Fire Calls Per Year	Avg. Call Per Unit	Projected Calls
Heritage on the Merrimack Apartments	Bedford	240	3.00	0.013	
Bowers Landing Apts.	Merrimack	104	2.33	0.022	
Bay Ridge Apts.	Nashua	412	31.67	0.077	
Royal Crest Apts.	Nashua	902	65.67	0.073	
Boulder Park Apts.	Nashua	482	6.33	0.013	
Emerson Mills	Pembroke	71	0.50	0.007	
Totals		2,211	109.50	0.050	
Proposed Apt.		150		0.050	7
Project	Town	Units	Avg. EMS Calls Per Year	Avg. Call Per Unit	Projected Calls
Heritage on the Merrimack	Bedford	240	15.33	0.064	
Bowers Landing	Merrimack	104	6.67	0.064	
Bay Ridge	Nashua	412	23.67	0.057	
Royal Crest	Nashua	902	46.67	0.052	
Boulder Park	Nashua	482	13.33	0.028	
Emerson Mills	Pembroke	71	1.33	0.019	
Totals		2,211	107.00	0.05	
Proposed Apt.		150		0.05	7

Police Department

We reached out to Chief Michael Stark of the Allenstown Police Department to review the proposed project and the findings outlined in Table Five. The Chief felt the estimated calls were reasonable and are what he was anticipating. The Chief has no issues with the proposal and existing staffing levels are adequate to handle the new calls. Although this project by itself is not of great concern as it relates to increased call demands, the combination of new development that may occur in the community may place further demands on the department over time.

To assign some cost to the community from the proposed new land use, we have calculated an average cost per call of \$162 and based on the estimated call volumes, as detailed in Table Six, a cost of \$8,748 is derived.

Table Six
Fire Department Impact

Department	FY 2020 Budget	Yearly Calls⁵	Cost/call	Est. Calls	Annual Cost
Police	\$936,591	5,810	\$162	54	\$8,748

Fire Department

A projected increase of 14 new calls is anticipated for the Fire Department. We discussed the proposed project with Chief Paul St. Germain. The Chief also believed the estimated calls were reasonable and expected. He also does not have any concerns with the project. As with the police department, as outlined in Table Seven, we have used cost averaging to estimate a \$6,314 impact on the Fire Department.

Table Seven
Fire Department Impact

Department	FY 2020 Budget	Yearly Calls	Cost/call	Est. Calls	Annual Cost
Fire	\$323,200	717	\$451	14	\$6,314

⁵ Average department calls 2018/19.

Tri-Town EMS

It is estimated that the proposed residential development, at buildout, will generate 7 new EMS calls per year; this is less than 1% increase in call volume. With 568 calls from Allentown occurring in 2019, these new calls will be barely discernable. Even though revenue is generated from this service, the community still realizes a yearly cost which in 2019 was \$174,409, which translates into a cost per call of \$307. Based on an estimated 7 calls a year, a cost of \$2,149 will be carried for this expense.

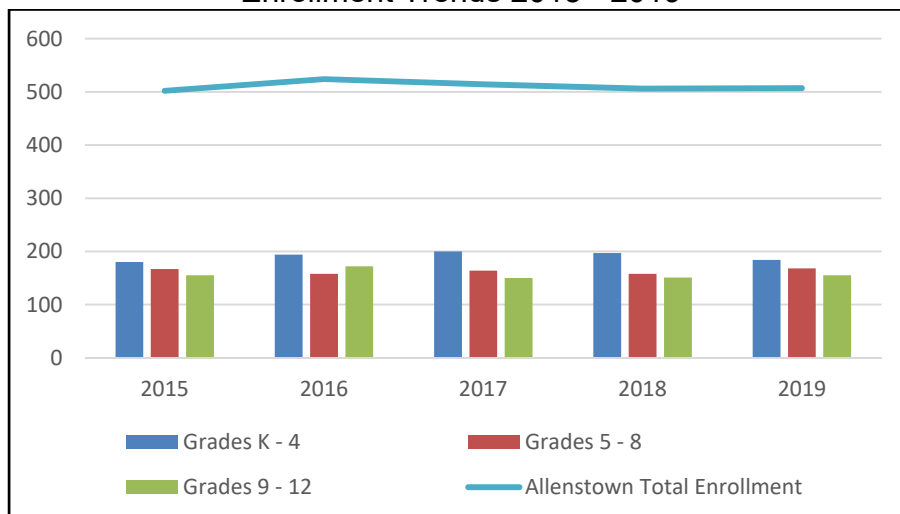
School Department

Table Eight and Figure Four outline enrollment trends within the Allentown School District since 2015. Overall, dramatic changes have not been realized with enrollments remaining steady over this time period.

Table Eight
School Enrollment 2015 - 2019

School	2015	2016	2017	2018	2019
Grades K - 4	180	194	200	197	184
Grades 5 - 8	167	158	164	158	168
Grades 9 - 12	155	172	150	151	155
Allentown Total Enrollment	502	524	514	506	507

Figure Four
Enrollment Trends 2015 - 2019



As noted above, the Project will involve the construction of 150 apartment units within an old mill buildings. Converting former industrial mill buildings into residential uses is very common in New Hampshire and numerous successful examples exist throughout the State. Unlike typical garden style buildings, the number of school age children (SAC) that reside within these types of development are typically very low given the industrial nature of the buildings and site. To estimate the number of school age children that may reside within the proposed development we analyzed six mill sites containing 523 units and found a very low SAC/Unit ratio of .008 as outlined in Table Nine. Applying this ratio to the proposed project results in an estimated 1.15 (2) school age children.

Table Nine
School Age Children Ratios

Property	Location	Units	SAC	SAC/Unit
Mill Place West	Concord	21	0	0.000
Emerson Mills	Pembroke	71	0	0.000
Newmarket Mills	Newmarket	112	0	0.000
Exeter Mills	Exeter	143	2	0.014
Canal Street	Somersworth	87	1	0.011
Colonel Mill	Keene	89	1	0.011
Average		523	4	0.008
Proposed	Allenstown	150	1.15	

If the multi-family SAC ratio from the NH Housing Finance Authority 2012 Report⁶ was applied to estimate school age children, an impact of 26 children would be calculated (.17 x 150 units). It is clear that this development is not a typical apartment complex and given its unique location and construction, it will not be attractive to young families. This is clear from the nearby Emerson Mills project in Pembroke which has 71 units and 0 school age children. Given these characteristics it is my professional opinion that the proposed development will have fewer students than typically seen in “garden style” residential developments. However, given that there will be 40 three bedroom units within the development, we are estimating that a potential range of 10 – 14 students will reside on the property.

⁶ Housing and School Enrollment in NH: A decade of change June/2012, NHHFA, AER.

To gain a greater understanding of the local school system, we spoke with Superintendent Peter Warburton. We reviewed the proposed project, the estimated school children (low and high estimates), as well as the local school district operations. At this time the School Board is evaluating both of Allenstown's school buildings; because of their age and conditions all options are being considered including renovations as well as building a new school. The Town has applied for State Building Aid which would provide 60% of the cost for the project(s). No decisions have been made and evaluations of the buildings and options continues. The Superintendent believes the project will be attractive to families and more than 2 school children will reside at the complex. Mr. Warburton was comfortable with the noted range of 10 -14 students and felt they would be spread over the grade levels and therefore capacity should not be an issue. The cost of a teacher, with benefits, averages approximately \$85,000 annually. To be conservative, we will carry a cost of \$85,000 for potential school related expenses.

Other Departments

As noted previously, all roads within the development will be private and water/sewer expenses will be addressed through connection and user fees. This project will be paying a sewer impact fee of \$660,000. In addition, \$125,000 is off site sewer improvements will take place. Given the unique type of development proposed no other measurable impacts are anticipated to other city departments. To be conservative, we will account for **\$5,000** potential miscellaneous town related costs. Sewer and water impacts are being evaluated by the project civil engineer and will be reported out separately.

SUMMARY

Table Ten
Fiscal Findings

Gross Revenues		\$372,991
Municipal Costs		
	Police	-\$8,748
	Fire	-\$6,314
	EMS	-\$2,149
	Schools	-\$85,000
	Misl.	-\$5,000
	Total Estimated Costs	-\$107,211
Net Positive Fiscal Impact		+\$265,780

Based upon the report's findings, gross yearly local tax revenues generated by the proposed project will total \$372,991 **once the 79E designation has expired.** The anticipated yearly fiscal impact to the Town is estimated to be \$265,780 resulting with a yearly positive fiscal impact from the proposed development of approximately **\$265,780**.

Key findings supporting this conclusion include:

- ✚ An estimated \$265,780 yearly positive fiscal impact will occur to the community, with actual positive revenue exceeding this figure.
- ✚ Property tax revenues will increase significantly from \$38,105 to \$340,591.
- ✚ Allenstown has one of the highest tax rates in the State and this development project will greatly enhance revenues to the community.
- ✚ Residential property assessment will increase 5.8% and tax revenue will increase 4%.
- ✚ Calls to the Police Department are projected in increase by less than 1%.
- ✚ Calls to the Fire Department will realize less than a 1% increase in call volume.
- ✚ The proposed project will include private drives and trash collection.
- ✚ A sewer impact fee of \$660,000 will be paid along with \$125,000 in offsite improvements.