



*Economic and
Real Estate
Advisory
Services*

October 3, 2016

Shaun Mulholland
Town Administrator
16 School Street
Allentown, NH 03275

Dear Shaun:

I am in receipt of Mark Fougere's letter review (attached) of my impact analysis of the proposed expansion of Holiday Acres.

The principal finding of the letter is consistent with my presentation to the Board of Selectmen on September 12:

" h. The estimated positive fiscal impact of \$513,000 outlined on page 29 is very conservative and we would expect actual positive revenues to the community to be higher than this finding. "

Mr. Fougere recommended that I update the school enrollment figures in the report. With the kind cooperation of Kathy Sutphen at SAU 53, I have updated the enrollment figures in the attached updated Power Point report. The impact of the updated enrollment figures is essentially imperceptible, with a continuing estimated positive impact of over \$500,000 per year.

I will bring hard copies of this letter and its attachments to tonight's meeting.

Please accept my thanks to you and the Selectmen for your confidence.

Sincerely

Russell W. Thibeault
President

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Laconia, NH 03246

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October 1, 2016

Mr. Shaun Mulholland
Town Administrator
16 School Street
Allentown, NH 03275

Dear Administrator Mulholland,

At your request I have reviewed the Fiscal Impact Report authored by Russ Thibeault, Applied Economic Research (AER) titled Property Tax Impact Analysis Proposed Holiday Acres Expansion, Allentown, New Hampshire.

Fougere Planning & Development, Inc. performed the following tasks:

1. Reviewed the full text of the noted Report.
2. Reviewed the fiscal impact methodology to determine if standard practices are used.
3. Reviewed the assumptions used to arrive at all Revenue Projections.
4. Reviewed all assumptions that were used to arrive at all cost projections.
5. Reviewed the proposed student projection assumptions to compare with published data and other sources.

Based upon this review, I offer the following:

- a. AER uses standard and sound methodologies in reviewing the fiscal impacts associated with the proposed development. In general, the findings contained in the Report are very conservative and we believe in fact, the development project will have less of an impact on the community than reported.
- b. The methodology used to arrive at the estimated yearly tax revenue is sound, using existing town assessments to guide values of the housing units and site lease areas is common practice.
- c. Reported school enrollments on page 16 show statistics from the 2013/14 school year. These figures should be updated through at least the 2015/16 school year to better reflect existing enrollment trends. In addition, the Table on page 20 should

be updated and clarified. Allenstown does not have a middle school and all enrollment figures should reflect the most recent data available from the SAU Office.

- d. The estimated generation of 15 new students from the proposed age restricted housing development is extremely conservative. It has been our experience that age restricted properties (at least one person age 55 or older) attract few school age children. (The Town should ensure this age requirements is stipulated as part of any approval of the project.) AER is being very careful with projecting this many children and the figure should be considered a “worst case scenario”.
- e. AER should ensure the school enrollments used to arrive at the Net Appropriation Variable Cost/Student on page 23 are correct give the comment noted in d above. Given the declining enrollments seen in the District, few new costs will be seen. There are many departments within the School District that will not be impacted by slight variations in enrollment levels and AER’s accounting of this fact is appropriate.
- f. AER’s approach at arriving at an estimated total student cost is conservative; page 24.
- g. AER’s estimation of town expenses on page 26 is very reasonable. Given the proposed development scenario, few discernable impacts will actually be seen by a majority of town departments. Both the police and fire departments will see an increase in call volume.
- h. The estimated positive fiscal impact of \$513,000 outlined on page 29 is, again, very conservative and we would expect actual positive revenues to the community to be higher than this finding.

If you have any questions feel free to call.

Sincerely,

Mark J. Fougere

Mark J. Fougere, AICP



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



***September 7, 2016
Updated for October 3, 2016 BOS Meeting***



***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 Holiday Acres Property Tax Impact All Age Restricted, All Double Wides</i>		
	Total	Per Unit
Total Units	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	\$ (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

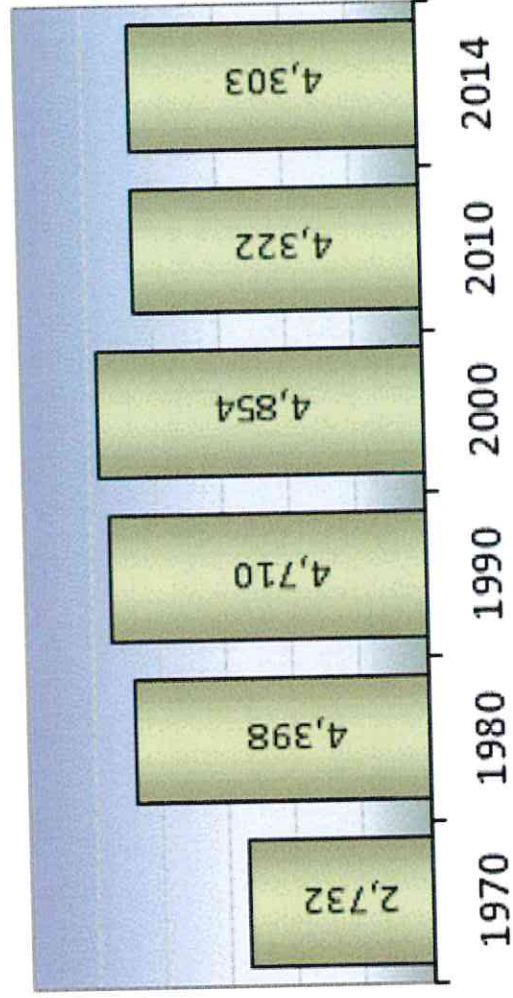
The Proposed Development

- 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:

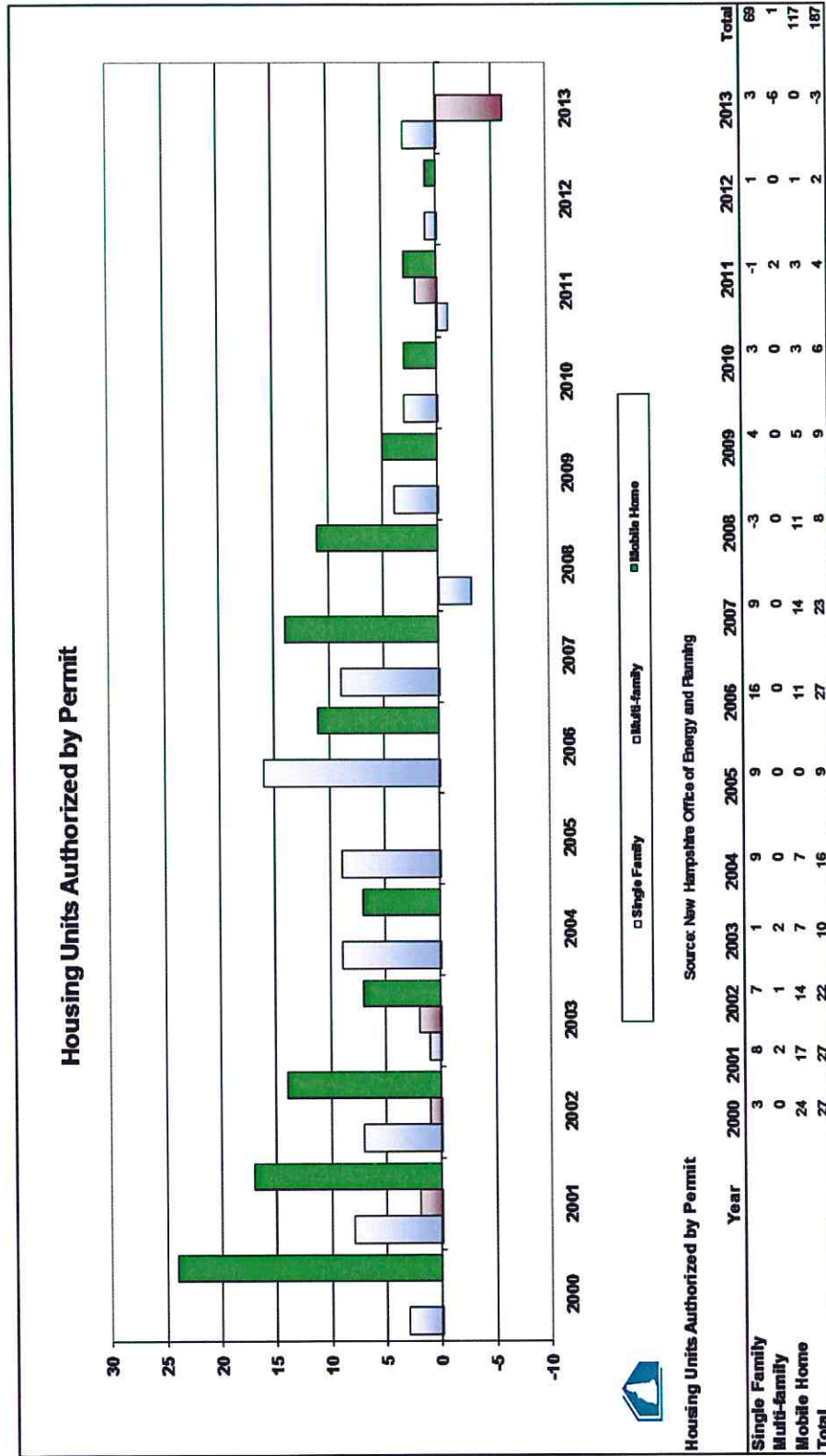
<i><u>Holiday Acres Proposed Expansion Assessed Valuation</u></i>			
	Units	Assessed Value per House	Estimated Assessed Value
Single Wide	-	\$ 50,000	\$ -
Double Wide	210	\$ 112,500	\$ 23,625,000
Subtotal: Houses	210		23,625,000
Extra Features: Roads, Utilities, Sites	210	\$ 31,000	\$ 6,510,000
Total 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

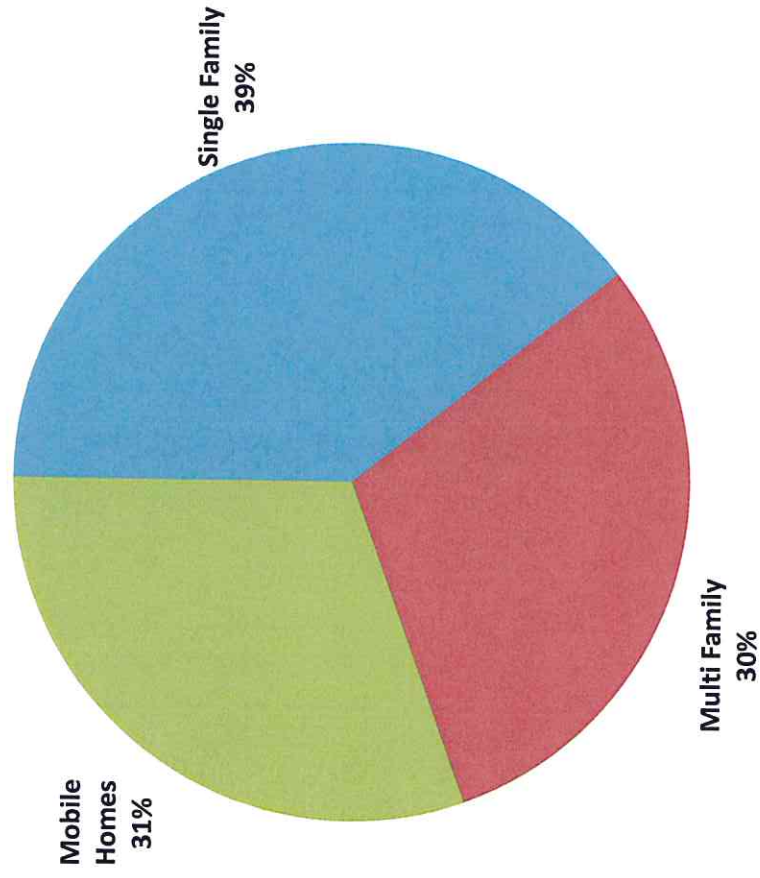
Town's Population Has Fallen Slightly Since Year 2000



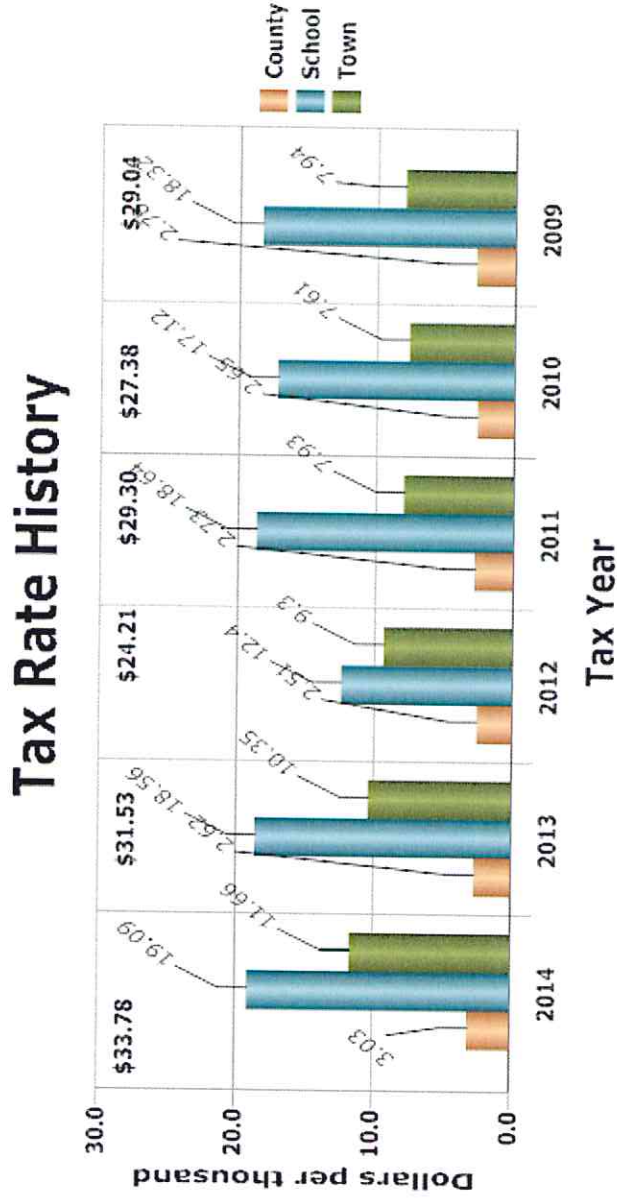
Town Has Not Added Many New Housing Units in Recent Years— Recession and Sewer Moratorium (Now Lifted) Subdued Growth



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

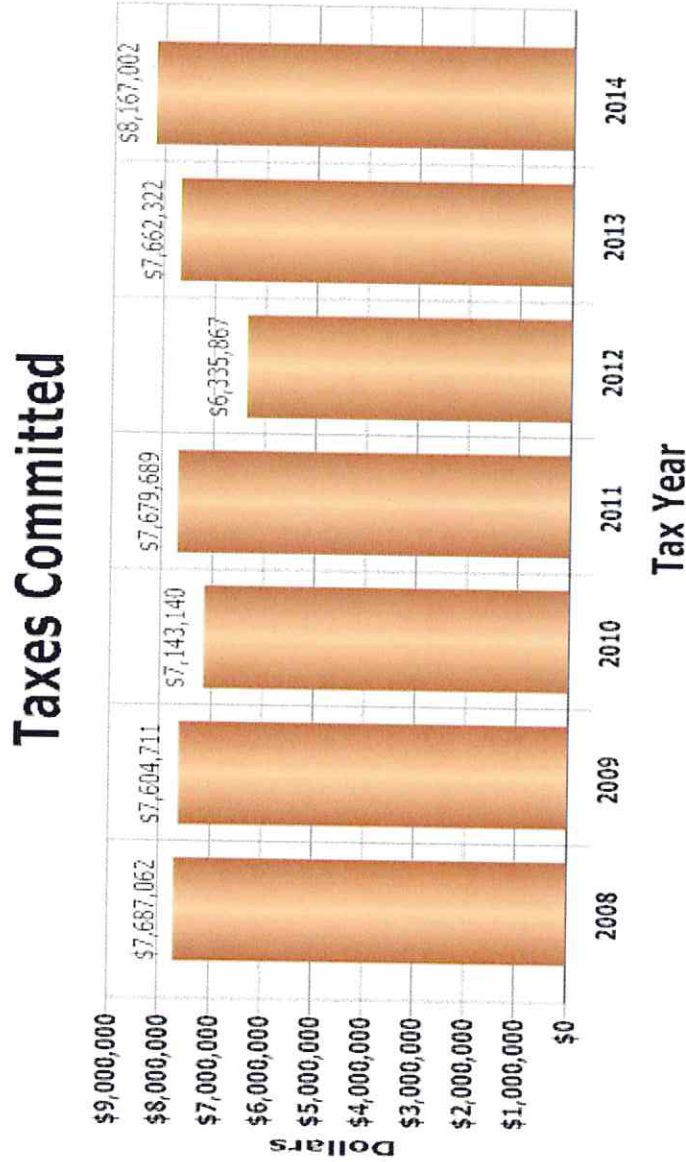


Tax Rate Has Risen Recently



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.

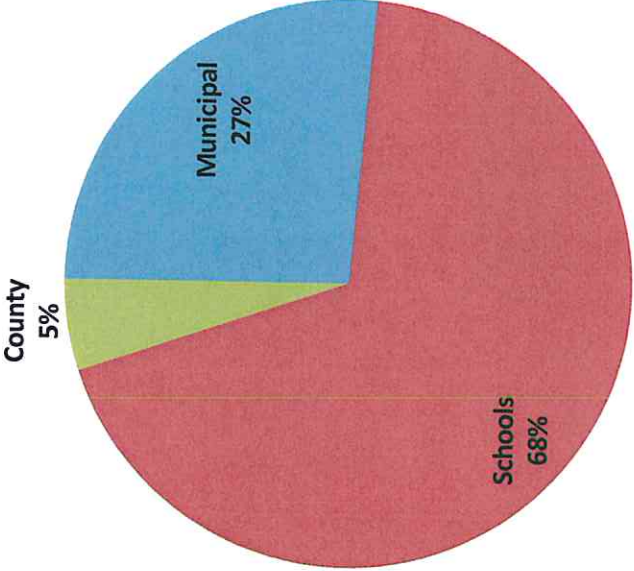
Property Taxes Committed Have Risen from a Recent Low in 2012, But Not Dramatically Since 2008



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.

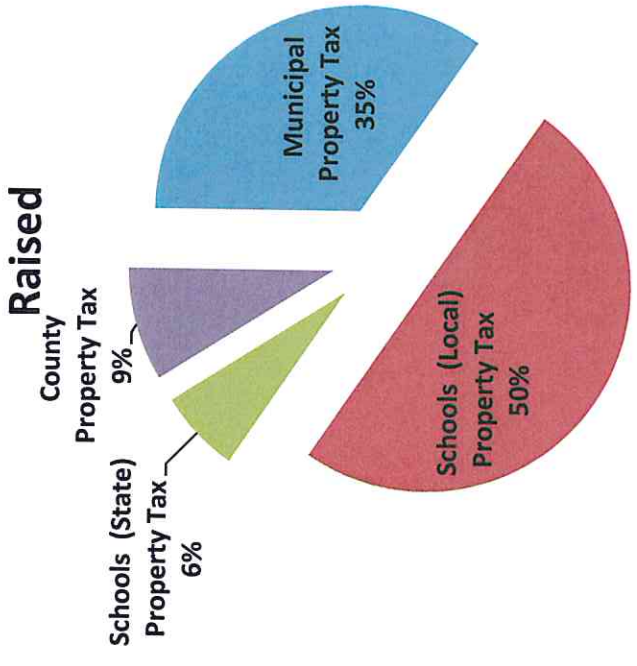
Schools=Two-Thirds of Local Appropriations

Allenstown 2014 Appropriations By Function



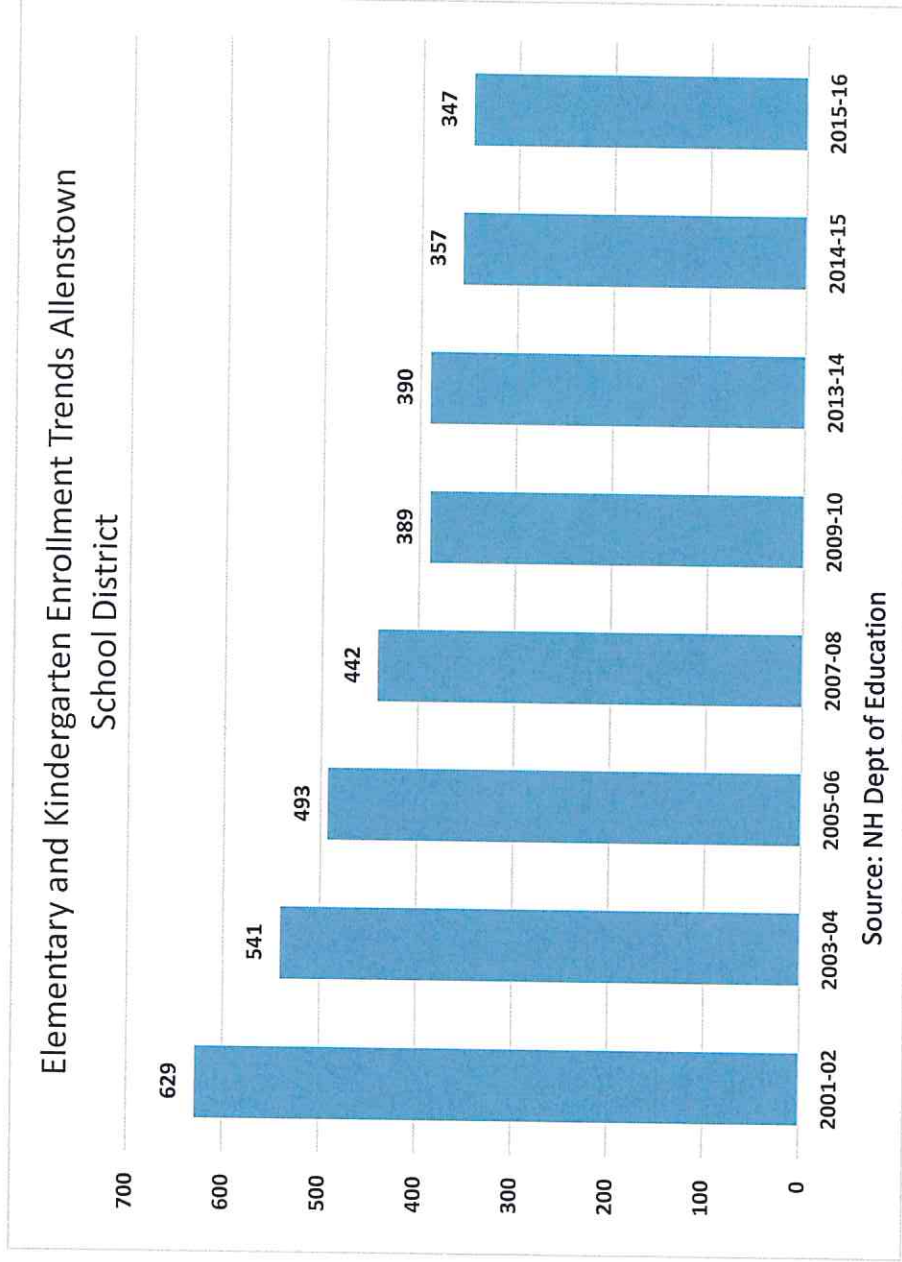
Schools Consume 50% of Property Taxes Raised

2014 Share of Allenstown Property Taxes Raised

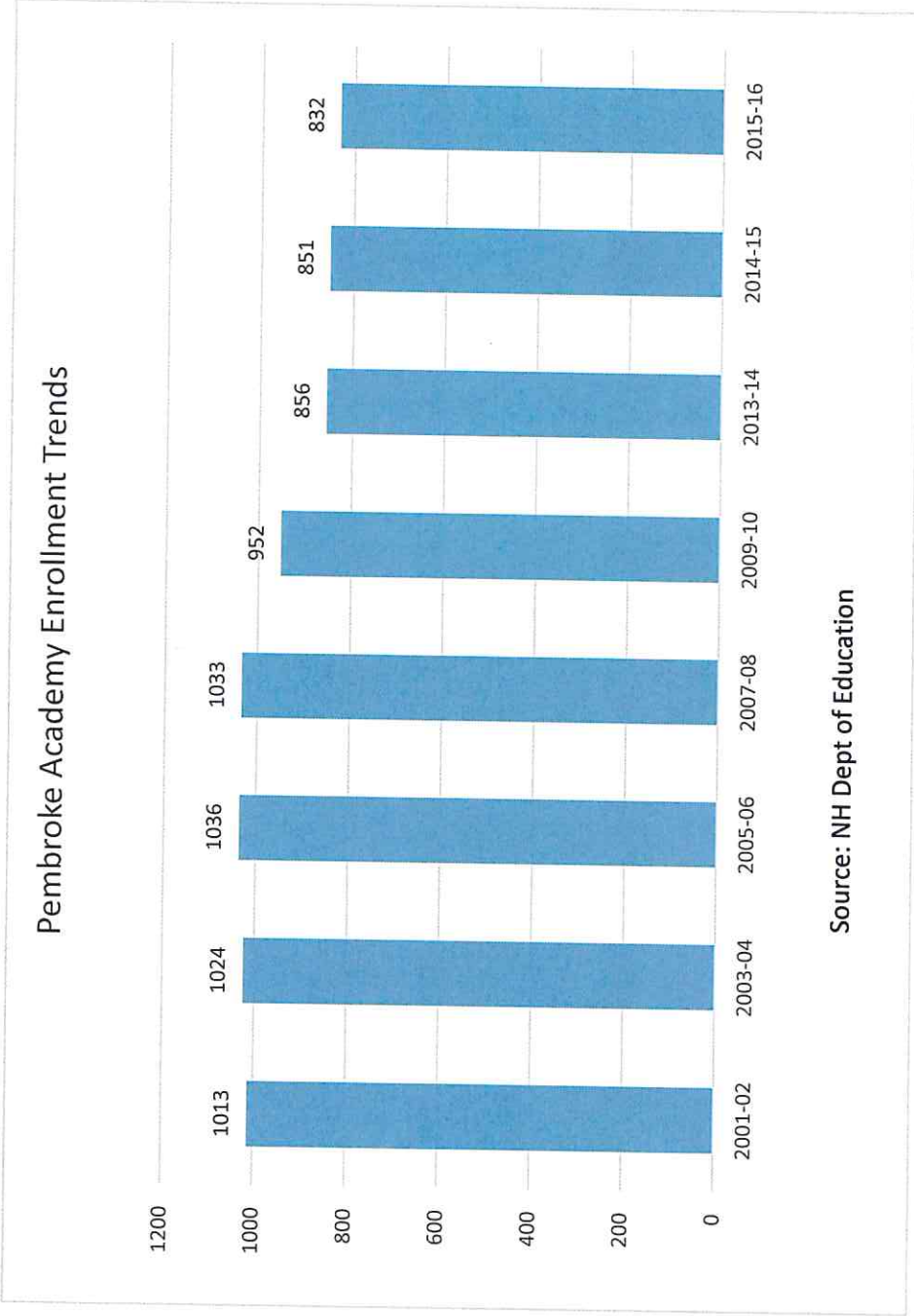


Estimated Enrollment Impact

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

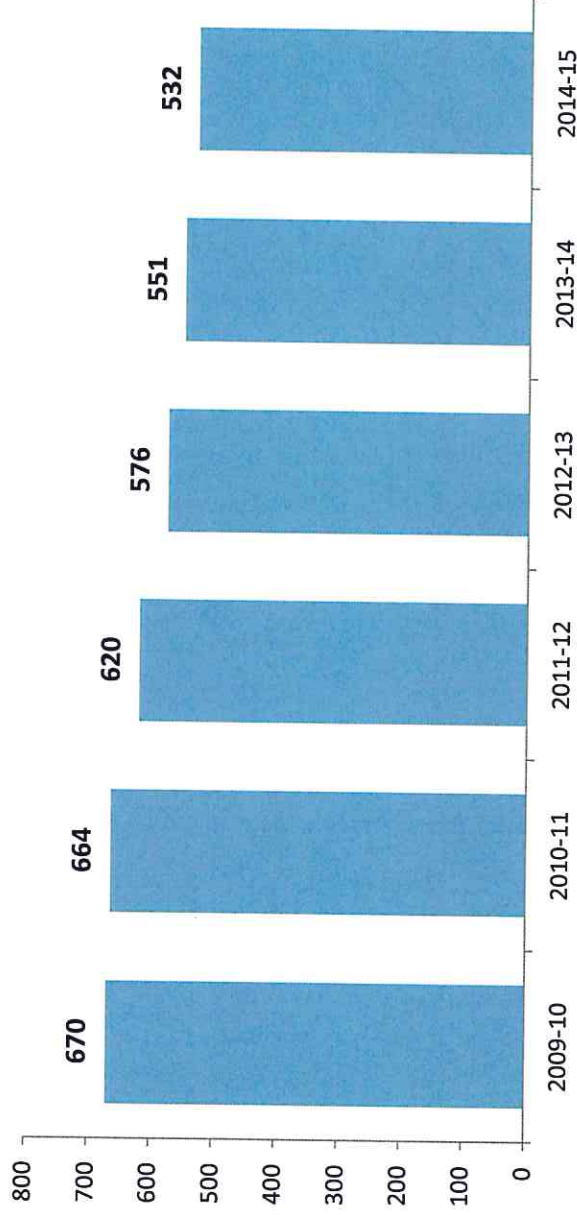


Pembroke Academy Total Enrollment (From All Communities Served) Has Also Fallen

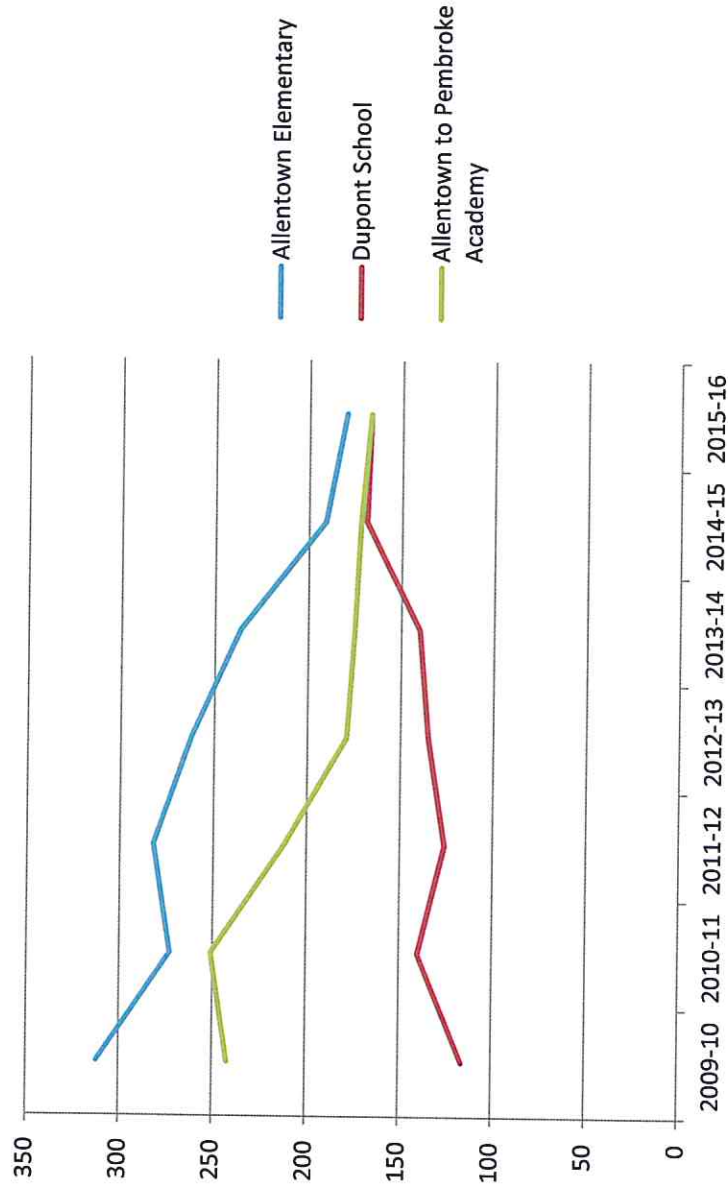


Students from Allenstown Fall By 138 Since 2009-10

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

<u>Estimated School Generation Indicators</u>			
2015-16			
Occupied Housing Units	1787	Students	Per Unit
Allenstown	347	172	0.11
Elementary			0.10
Pembroke			
Total	519		0.29
		(American Community Survey)	
		Fall Enrollment, NH DOE SAU	
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	0
Whispering Winds	Windham	Age Restricted: 55 and Over	66	Attached in 6,10 and 12 unit buildings	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

<u>School Variable Expenses</u>			
	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

<i>Estimated Incremental School Costs: Holiday Acres Proposed Units</i>			
	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

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

Estimated Assessed Value and Incremental Tax Revenues

Estimated Additional Local Property Tax Revenues

Revenues		
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
Property Tax Revenue Increase	\$ 883,000	Net Increase/1000 X Tax Rate

Estimated Net Property Tax Impact: Revenues Exceed Allocated Costs

Projected Revenues and Expenses

Revenues	
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
Expenses	
Schools	
Students Generated	From School Generation Sheet
Less: Current Students	15
Net Enrollment Change	0
Total Property Tax Funded School Expense	\$ 121,000
Municipal	
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