

Fiscal Impact of Development Types Model Framework for Town of Groton, CT

April 2019

Prepared for:

Southern Connecticut Council of Governments
5 Connecticut Ave
Norwich, CT 06360



120 West Avenue, Suite 303
Saratoga Springs, NY 12866

518.899.2608

www.camoinassociates.com

About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 32 states and garnered attention from national media outlets including *Marketplace* (NPR), *Forbes* magazine, *The New York Times* and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter [@camoinassociate](https://twitter.com/camoinassociate) and on [Facebook](https://www.facebook.com/camoinassociate).

The Project Team

Michael N'dolo
Vice President, Project Principal

Tom Dworetzky
Project Manager, Project Manager

Jessica Ulbricht
Analyst, Project Staff

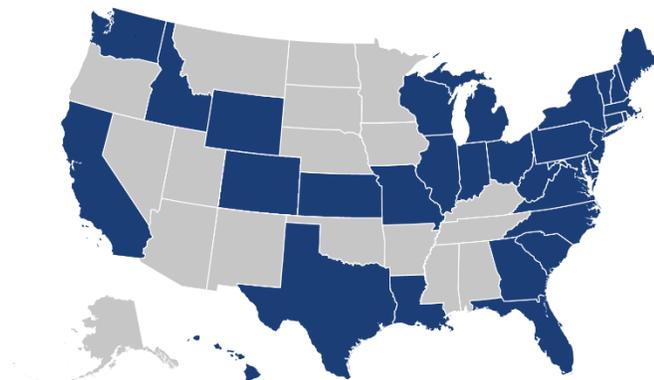


Table of Contents

Executive Summary	1
Fiscal Impact Variables.....	3
Town Budget.....	7
What is Fiscal Impact Analysis?	12





Executive Summary

To support the development planning process, a fiscal impact reference matrix was developed to help understand the extent to which potential proposed land uses will add net costs or generate net revenues for the Town of Groton. To do so, we looked at the potential impact of the development of five land use types on Town of Groton services and the Town budget. The five land use types examined include: retail, office, single family homes, townhouses, and multifamily residential.

Throughout the analysis, impacts of commercial space are calculated per 1,000 square feet of retail or office space. Table 1, below, displays the unit size and bedroom count assumptions that were used for residential development. These assumptions are based on typical sizes for new housing units for the Northeast in 2017, as provided by the U.S. Census Survey of Construction.

Table 1: Residential Development Assumptions

Residential Development Assumptions		
	Avg Bedrooms	Avg SF
Single Family	3.25	2,500
Townhouse	2.25	1,500
Multifamily	1.50	1,000

Source: Adapted from US Census Survey of Construction, 2017

Table 2, below, shows the net fiscal impact to the Town of the addition of 1,000 SF of retail or office space, or one new single family home, townhouse, or multifamily unit. Commercial uses—retail and office—have the highest net positive impacts. Multifamily units are also positive, while townhouses are essentially revenue neutral, but still slightly positive. Single family homes are the only uses to have a negative impact on the budget, at \$3,200 per unit.

Table 2: Net Fiscal Impact of Use Type, by Unit

Net Fiscal Impact of Use Type, by Unit*			
Use Type	Total Expenses	Total Revenue	Net Fiscal Impact
Office	\$ 921	\$ 4,086	\$ 3,165
Retail	\$ 510	\$ 2,577	\$ 2,067
Multifamily Unit	\$ 2,442	\$ 3,558	\$ 1,115
Townhouse	\$ 3,578	\$ 4,363	\$ 785
Single Family Home	\$ 13,083	\$ 9,883	\$ (3,200)

Source: Camoin Associates

*Unit is equal to 1,000 SF of retail or office space, or 1 dwelling unit

It should be noted that impacts of residential units are highly sensitive to unit bedroom count, due to the number of school-age children generated and impacts on the education budget. A sensitivity analysis of bedroom count is included at the end of this report. In general, across unit types, units with two bedrooms or fewer have neutral or positive net fiscal impacts. For units with three bedrooms or greater, net impacts are negative. It is important to note however that this is a high-level analysis based on averages and does not include the economic and intangible benefits of having more families with children in a community. Such benefits include, but are not limited to, increased household spending, balancing out the overall aging of the community, and increased civic and community engagement and volunteerism.

The net fiscal impact on a per-acre basis is shown in Table 3. Uses that are fiscally net positive (commercial and multifamily) also tend to be higher density, so positive impacts are intensified on a per-acre basis.

Table 3: Net Fiscal Impact of Use Type per Acre

Net Fiscal Impact of Use Type per Acre*			
Use Type	Net Fiscal Impact per Unit	SF or Units per Acre	Net Fiscal Impact per Acre
Office	\$ 3,165	10,890	\$ 34,466
Multifamily Unit	\$ 1,115	22	\$ 24,539
Retail	\$ 2,067	10,890	\$ 22,507
Townhouse	\$ 785	10	\$ 7,853
Single Family Home	\$ (3,200)	2	\$ (6,400)

Source: Camoin Associates

*Floor Area Ratio (FAR) of 0.25 assumed for office and retail; 0.5 acres per single family unit, 0.1 acres per townhouse unit, and 2,000 SF of lot per multifamily unit.

This analysis should be used for planning purposes only. It is highly recommended that a detailed fiscal impact analysis be completed for any specific development proposals that come forward. Additionally, residential development decisions should be made in the context of how many more students the school district could accommodate without having to hire more staff or build more schools.

Fiscal Impact Variables

After examination of the Town budget, we determined which Town departments and specific line items would be impacted by new development of each of the five potential use types. These items are referred to as “variable” items. To model the impact on expenses and revenues that would occur as a result of development of each of the use types, we project changes in the following factors that impact the variable budget items:

- Residents
- Public school children
- Daytime population
- Real property assessed value

Residents

As the overall population of the Town increases, certain department expenses are projected to increase proportionally.

Residential demographic multipliers for New London County provided by SCCOG were used to calculate the increase in residents and school aged children per each new unit of development. These multipliers provided are shown in Table 4.

Table 4: Demographic Multipliers, New London County

Demographic Multipliers - New London County		
Housing Type	School-Aged Children per Unit	Occupants per Unit
Owned SF 2BR	0.02	1.72
Owned SF 3BR	0.55	2.67
Owned SF 4BR	1.06	3.64
Rented MF 1BR	0.00	1.09
Rented MF 2BR	0.19	2.19
Rented MF 3BR	0.83	3.09

Source: Southeastern CT Council of Governments

To estimate the number of new residents per unit, the New London County multipliers were weighted by average bedroom counts that are assumed for each of the potential residential development types. Table 5 displays the demographic multipliers for New London County and the weighted multipliers used in this analysis.

Table 5: Weighted Multipliers, Occupants

Weighted Multipliers - Occupants		
Housing Type	Bedrooms per Unit	Occupants per Unit
Single Family Home	3.25	2.91
Townhouse	2.25	1.96
Multifamily Unit	1.50	1.64

Source: Camoin Associates, Southeastern CT Council of Governments

The 2018 baseline population for Groton is 39,342.¹ Based on the assumptions of bedrooms per unit and the weighted multipliers, we estimate that the average new single family home will have 2.91 new occupants. This compares to 1.96 occupants in each new townhouse and 1.64 occupants in each new multifamily unit.

Departments with expenses projected to increase with respect to population include: General Government, Human Services, Community Services, and Outside Agencies. Community Services expenses include those for the Groton Public Library as well as Parks and Recreation. Outside Agency expenses include regional agencies as well as various health and service agencies.

Revenue line items expected to increase with respect to number of residents include: Licenses and Permits and Schools-Library-Recreation. Schools-Library-Recreation includes revenue such as library fines and fees, senior programs, and park and recreation rentals.

Public School Children

A portion of the new residents will be public school children. The addition of these children into the local school district will impact the budget of the Groton Public School District. The following table shows the estimated increases to school-aged children per unit, based on a weighted average of the demographic multipliers provided by SCCOG by the assumptions of number of bedrooms per unit.

Table 6: Weighted Multipliers, School-Aged Children

Weighted Multipliers - School-Aged Children		
Housing Type	Bedrooms per Unit	School-Aged Children per Unit
Single Family Home	3.25	0.68
Townhouse	2.25	0.15
Multifamily Unit	1.50	0.10

Source: Camoin Associates, Southeastern CT Council of Governments

We estimate that each new single-family home will introduce 0.68 new school children. We estimate that each new townhouse will introduce 0.15 new school children and each new multifamily unit will introduce 0.10 new school children. The school enrollment for the Groton School District was 4,461 during the 2016-2017 school year.²

As the number of public school children increases, the Town’s Education Services department expenses are projected to increase.

The State of Connecticut has begun phasing in a new formula Education Cost Sharing (ECS) formula that impacts the amount of funding received by local school districts. The formula considers many factors, including resident student count, base cost of educating a student, number of low-income students, concentration of poverty, number of English language learners, and the community’s wealth.³ Approximately one third (33%) of Groton School District funding comes from ECS.

This analysis uses a basic assumption that the number of new school children will proportionally impact education aid provided to the District by the State of Connecticut.

¹ Esri.

² CT Board of Education.

³ <http://ctschoolfinance.org/faqs>

Daytime Population

The daytime population refers to the number of people who are present in the Town during standard business hours, including workers. This differs from the resident population, which only includes people who reside in the Town and are typically present during the evening and nighttime hours.

We projected the increase in daytime population by calculating the number of new employees expected per 1,000 SF of new retail and office space. We estimate that the number of employees, and thus the daytime population of the Town, will increase by 1.7 people per 1,000 SF of new retail space and by 3.3 people per 1,000 SF of new office space (Table 7).⁴ Additionally, we take a conservative approach and assume that all new residents count as new daytime population. According to Esri, the 2018 daytime population of the Town of Groton was nearly 44,000.

Table 7: New Employees, Retail and Office

New Employees		
	SF per Employee	Employees per 1,000 SF
Retail	304	3.3
Office	588	1.7

Source: Institute of Transportation Engineers and San Diego Association of Governments

The Public Safety department's expenses are calculated to increase with respect to daytime population while Other Revenues, which includes revenues from parking tickets, court fines, and animal control fees, are also assumed to rise as a result of increases to daytime population.

Real Property Assessed Value

The real property portion of the Town of Groton's 2017 Grand List was \$3.3 billion. The table below displays the Town of Groton's estimates of the appraised value and assessed value for development of each of the five use types. Appraised values per square foot were provided by the Town Assessor based on estimates from the Marshall & Swift cost guides.

Table 8: Assessed Value per Unit

Assessed Value per Unit				
Use Type	SF per Unit	Appraised Value per SF	Appraised Value per Unit	Assessed Value per Unit
Retail	1,000	\$151	\$151,000	\$105,700
Office	1,000	\$239	\$239,000	\$167,300
Single Family Home	2,500	\$142	\$355,000	\$248,500
Townhouse	1,500	\$136	\$204,000	\$142,800
Multifamily Unit	1,000	\$176	\$176,000	\$123,200

Source: Town of Groton

⁴ Source: Institute of Transportation Engineers and San Diego Association of Governments

To calculate the appraised value for townhouses and multifamily units, we assumed the average size of a new apartment to be 1,000 SF, a townhouse to be 1,500 SF, and a single family home to be 2,500⁵. Then, the estimated increases to assessed value resulting from either 1,000 SF of new space, or one new dwelling unit were calculated by taking 70% of the fair market value.⁶

On a square foot basis, office is by far the highest value use, followed by multifamily. Townhouses are the lowest value use.

In addition to calculating general property tax revenues, the increase in real property assessed value is used as a proxy to project proportional changes in expenses and revenues related to the Public Works department.

Summary of Fiscal Variables

Table 9 and Table 10 below summarize all impacted variables for the five development types. Retail and office development impacts are per 1,000 SF of space and residential development impacts are per one dwelling unit.

Table 9: Fiscal Impact Variables

Fiscal Impact Variables						
Variable	Baseline	Impact per 1,000 SF of Retail	Impact per 1,000 SF of Office	Impact per Single Family Home*	Impact per Townhouse*	Impact per Multifamily Unit*
Residents (1)	39,342	-	-	2.91	1.96	1.64
Public School Children (2)	4,461	-	-	0.68	0.15	0.10
Daytime Population (1)	43,758	1.70	3.29	2.91	1.96	1.64
Real Property Assessed Value (3)	\$3,272,117,821	\$ 105,700	\$167,300	\$ 248,500	\$ 142,800	\$ 123,200

Sources: (1) Esri; (2) CT Board of Education; (3) CT Open Data - 2017 Grand List

Note: Real Property Assessed Value includes non-taxable assessed value

*Residential impacts calculated based on assumptions of average number of bedrooms and square footage per residence type (single family: 3.25BR, 2,500 SF; townhouse: 2.25BR, 1,500 SF; multifamily unit: 1.5BR, 1,000 SF).

Table 10: Projected Increase Over Baseline

Projected Increase Over Baseline						
Variable	Baseline	Impact per 1,000 SF of Retail	Impact per 1,000 SF of Office	Impact per Single Family Home*	Impact per Townhouse*	Impact per Multifamily Unit*
Residents (1)	39,342	0.000%	0.000%	0.007%	0.005%	0.004%
Public School Children (2)	4,461	0.000%	0.000%	0.015%	0.003%	0.002%
Daytime Population (1)	43,758	0.004%	0.008%	0.007%	0.004%	0.004%
Real Property Assessed Value (3)	\$3,272,117,821	0.003%	0.005%	0.008%	0.004%	0.004%

Sources: (1) Esri; (2) CT Board of Education; (3) CT Open Data - 2017 Grand List

Note: Real Property Assessed Value includes non-taxable assessed value

*Residential impacts calculated based on assumptions of average number of bedrooms and square footage per residence type (single family: 3.25BR, 2,500 SF; townhouse: 2.25BR, 1,500 SF; multifamily unit: 1.5BR, 1,000 SF).

⁵ Source: U.S. Census Survey of Construction, 2017.

⁶ Real property is assessed at 70% of fair market value in Connecticut.

Town Budget

Variable budget items, i.e. items that would be impacted by development of any of the five use types, included in this analysis are as follows:

- Expenses:
 - General Government
 - Public Safety
 - Public Works
 - Human Services
 - Community Services
 - Education Services
 - Outside Agencies
- Revenues:
 - General Property Taxes
 - Licenses and Permits
 - Schools-Library-Recreation
 - State Grants in Aid-Education: Education Cost Sharing⁷
 - Other Revenue

Fixed budget items which would not be impacted by new development were excluded from this analysis. These items include:

- Expenses
 - General Services
 - Planning & Development
 - Non-departmental
 - Contributions to other funds
 - Capital/debt services
 - Subdivisions
 - Contingencies
- Revenues
 - Revenue from Investments
 - State Grants in Aid-Education: All Other⁸
 - State Grants in Aid-General Government
 - Federal Grants in Aid
 - Charges for Current Services

⁷ State Grants in Aid-Education: Education Cost Sharing is referred to as "State Education Aid" throughout this analysis.

⁸ Includes all State Grants in Aid-Education except for Education Cost Sharing, which is a variable revenue.

Expenses

The Town of Groton's department budgets and line items were examined to estimate the increase in annual expenses resulting from each of the five development scenarios. Variable expenses total \$97 million and represent 77% of the total budget.

Single family homes will generate the highest expenses per unit by far at \$13,083. This is followed by townhouses at \$3,578 per units and multifamily units at \$2,442 per unit. Retail will add the least expenses, at \$510 per 1,000 SF.

Table 11: New Annual Expenses

New Annual Expenses**							
Variable Department Budgets	Varies Based On	Baseline Budget*	Retail Increase over Baseline	Office Increase over Baseline	Single Family Home Increase over Baseline	Townhouse Increase over Baseline	Multifamily Unit Increase over Baseline
General Government	Residents	\$ 828,382	\$ -	\$ -	\$ 61	\$ 41	\$ 35
Public Safety	Daytime Population	\$ 8,347,016	\$ 324	\$ 627	\$ 556	\$ 374	\$ 313
Public Works	Real Property AV	\$ 5,739,146	\$ 185	\$ 293	\$ 436	\$ 250	\$ 216
Human Services	Residents	\$ 610,523	\$ -	\$ -	\$ 45	\$ 30	\$ 25
Community Services	Residents	\$ 3,193,478	\$ -	\$ -	\$ 237	\$ 159	\$ 133
Education Services	Public School Children	\$ 76,468,239	\$ -	\$ -	\$ 11,613	\$ 2,632	\$ 1,643
Outside Agencies	Residents	\$ 1,826,247	\$ -	\$ -	\$ 135	\$ 91	\$ 76
Total		\$ 97,013,031	\$ 510	\$ 921	\$ 13,083	\$ 3,578	\$ 2,442

*FY 2019 Adopted Budget

**Per 1,000 SF office/retail and per 1 residential unit.

Real Property Taxes

Real property tax increases were estimated based on the Town of Groton's 2018 mill rate of 24.17 and the estimated increase to taxable market value for each development type.

Table 12: Estimated Real Property Taxes

Estimated Real Property Taxes					
	Retail	Office	Single Family Home	Townhouse	Multifamily Unit
Appraised Market Value Increase	\$ 151,000	\$239,000	\$ 355,000	\$ 204,000	\$ 176,000
Assessment Ratio	70%	70%	70%	70%	70%
Assessed Value Increase	\$ 105,700	\$167,300	\$ 248,500	\$ 142,800	\$ 123,200
Mill Rate	24.17	24.17	24.17	24.17	24.17
Estimated Real Property Tax Increase	\$ 2,555	\$ 4,044	\$ 6,006	\$ 3,451	\$ 2,978

*Retail and office projections per 1000 SF of space. Residential projections per new dwelling unit.

Other Revenues

Growth in other revenues is calculated according to the percentage increases calculated for each variable. Baseline variable revenues total \$115.2 million.

Single family homes generate the most revenue per unit, driven by an assumed increase in State Education Aid, at \$9,883. This is followed by townhouses, at \$4,363 per unit.

Table 13: New Annual Revenues

New Annual Revenues**							
Variable Department Budgets	Varies Based On	Baseline Budget*	Retail Increase over Baseline	Office Increase over Baseline	Single Family Home Increase over Baseline	Townhouse Increase over Baseline	Multifamily Unit Increase over Baseline
General Property Taxes	Real Property AV	\$ 89,147,584	\$ 2,555	\$ 4,044	\$ 6,006	\$ 3,451	\$ 2,978
Licenses and Permits	Residents	\$ 366,050	\$ -	\$ -	\$ 27	\$ 18	\$ 15
State Education Aid	Public School Children	\$ 25,040,045	\$ -	\$ -	\$ 3,803	\$ 862	\$ 538
Schools-Library-Recreation	Residents	\$ 129,900	\$ -	\$ -	\$ 10	\$ 6	\$ 5
Other Revenue	Daytime Population	\$ 561,602	\$ 22	\$ 42	\$ 37	\$ 25	\$ 21
Total		\$115,245,181	\$ 2,577	\$ 4,086	\$ 9,883	\$ 4,363	\$ 3,558

*FY 2019 Adopted Budget

**Per 1,000 SF office/retail and per 1 residential unit.

No-Impact Departments

For the purposes of estimating new expenses associated with the development types, it was assumed that there would be no ongoing annual impact on the following Town budget categories: General Services, Planning and Development, Non-Departmental, Contributions to Other Funds, Capital/Debt Services, Subdivisions, Contingencies, Revenue from Investments, State Grants in Aid-Education,⁹ State Grants in Aid-General Government, Federal Grants in Aid, and General Services.

It should be emphasized that impacts were calculated using an average cost approach, assuming that incremental increases in development throughout the town would have proportional impacts on revenues and expenses. In reality, impacts tend to follow more of a "step" pattern, where no fiscal impacts are experienced until service providers reach certain thresholds that trigger large expenditures. For example, the School District may be able to absorb "X" number of students without having to hire more teachers or build more schools. However, once it reaches that threshold, these significant additional expenses are triggered.

While the average cost approach is appropriate for planning purposes, more detailed analysis is recommended for concrete development proposals that come forward.

⁹ Education Cost Sharing will be impacted by development and is included in this analysis.

Net Fiscal Impact

The net fiscal impact by use type per 1000 SF of space or one residential unit is displayed in the table below. Expenses outweigh revenues in the single family home scenarios. Retail, office space, townhouses and multifamily units all have positive fiscal impacts.

Table 14: Net Fiscal Impact, by Unit

Net Fiscal Impact of Use Type, by Unit*			
Use Type	Total Expenses	Total Revenue	Net Fiscal Impact
Office	\$ 921	\$ 4,086	\$ 3,165
Retail	\$ 510	\$ 2,577	\$ 2,067
Multifamily Unit	\$ 2,442	\$ 3,558	\$ 1,115
Townhouse	\$ 3,578	\$ 4,363	\$ 785
Single Family Home	\$ 13,083	\$ 9,883	\$ (3,200)

Source: Camoin Associates

*Unit is equal to 1,000 SF of retail or office space, or 1 dwelling unit

Net fiscal impact on a per acre basis is shown below. The following development density assumptions were used to develop these estimates:

- For retail and office uses, a Floor Area Ratio (FAR) of 0.25 was assumed, which is typical for suburban-style commercial development
- The average lot size for a single-family home was assumed to be a half acre (0.5 acres)
- The average lot size for a townhouse was assumed to be a tenth of an acre (0.1 acres)
- A multifamily building would require a minimum lot area of 2,000 SF per dwelling, which is the requirement for certain existing zones in the Town

Table 15: Net Fiscal Impact per Acre

Net Fiscal Impact of Use Type per Acre*			
Use Type	Net Fiscal Impact per Unit	SF or Units per Acre	Net Fiscal Impact per Acre
Office	\$ 3,165	10,890	\$ 34,466
Multifamily Unit	\$ 1,115	22	\$ 24,539
Retail	\$ 2,067	10,890	\$ 22,507
Townhouse	\$ 785	10	\$ 7,853
Single Family Home	\$ (3,200)	2	\$ (6,400)

Source: Camoin Associates

*Floor Area Ratio (FAR) of 0.25 assumed for office and retail; 0.5 acres per single family unit, 0.1 acres per townhouse unit, and 2,000 SF of lot per multifamily unit.

Sensitivity Analysis of School Impacts by Unit Type and Bedroom Count

Expenses per residential unit are heavily impacted by the of number of bedrooms in a given unit. The size and type (owned or rented) of unit have a large impact on the number of school aged children to be expected per each new unit. Because school expenses comprise such a significant portion of the Town’s variable expenses (79%), it is important to understand the impacts of each type of unit on the public schools. While our analysis above makes assumptions about the number of residents and school-age children in an “average” unit of each type (single-family, townhouse, multifamily), we provide here a sensitivity analysis that shows the difference in net fiscal impact for each unit type by bedroom count. It is important to note that this analysis does not take into account the economic and intangible benefits of having more families with children in a community, some of which include increased household spending, balancing out the aging of the community, and strengthening the community’s fabric and levels of volunteerism. Residential development decisions should consider how many more students the school district can accommodate without having to hire more staff or build more schools.

Demographic multipliers for New London County, as provided by SCCOG, indicate that the average number of new children that can be expected per unit ranges from zero in a one bedroom rental unit in a multifamily building to 1.06 for a four-bedroom single family home.

As a result of the differences of expected school-aged children between units of different sizes, there is a wide range of expense increases that can be expected to the Education Services baseline budget of \$76,468,239. Table 16, below, displays the impact that home size has on the net fiscal impact. New education expenses range from \$0 for a multifamily one bedroom unit to \$18,170 for a single family four bedroom home per year.

Across unit types, units with two bedrooms or fewer have neutral or positive net impacts. For units with three bedrooms or greater, net impacts are negative.

Table 16: Net Fiscal Impact of Residential Units by Type and Bedroom Count

Net Fiscal Impact of Residential Units by Type and Bedroom Count											
	Single Family				Townhouse			Multifamily			
	2BR	3BR	4BR	Avg.* (3.25BR)	2BR	3BR	Avg.* (2.25BR)	1BR	2BR	3BR	Avg.* (1.50BR)
SF per Unit	1,500	2,250	2,750	2,500	1,400	2,000	1,500	750	1,100	1,250	2
School Children	0.02	0.55	1.06	0.68	0.02	0.55	0.15	-	0.19	0.83	0.10
Assessed Value	\$ 149,100	\$ 223,650	\$ 273,350	\$ 248,500	\$ 133,280	\$ 190,400	\$ 142,800	\$ 92,400	\$ 135,520	\$ 154,000	\$ 123,200
Education Expenses	\$ 343	\$ 9,428	\$ 18,170	\$ 11,613	\$ 343	\$ 9,428	\$ 2,632	\$ -	\$ 3,257	\$ 14,227	\$ 1,643
Non-Education Expenses	\$ 909	\$ 1,398	\$ 1,849	\$ 1,470	\$ 881	\$ 1,340	\$ 946	\$ 573	\$ 1,063	\$ 1,431	\$ 799
Property Tax Revenues	\$ 3,604	\$ 5,406	\$ 6,607	\$ 6,006	\$ 3,221	\$ 4,602	\$ 3,451	\$ 2,233	\$ 3,276	\$ 3,722	\$ 2,978
State Education Aid	\$ 122	\$ 3,081	\$ 5,969	\$ 3,803	\$ 122	\$ 3,081	\$ 862	\$ -	\$ 1,076	\$ 4,681	\$ 538
Other Revenues	\$ 46	\$ 72	\$ 98	\$ 74	\$ 46	\$ 72	\$ 50	\$ 29	\$ 59	\$ 83	\$ 42
Net Fiscal Impact per Unit	\$ 2,520	\$ (2,268)	\$ (7,345)	\$ (3,200)	\$ 2,166	\$ (3,013)	\$ 785	\$ 1,689	\$ 91	\$ (7,172)	\$ 1,115

Source: Camoin Associates

*Averages reflect the assumptions used throughout this analysis.

What is Fiscal Impact Analysis?

Fiscal impact analysis is a tool that compares, for a given project or policy change, changes in governmental costs against changes in governmental revenues. For example, a major residential development project in Town A will mean new residents that require new services and facilities such as fire and police protection, libraries, schools, parks, and others. At the same time, Town A will receive new revenues from the project in the form of property tax revenues, local sales tax revenue, and other taxes and fees. A fiscal impact analysis compares the total expected costs to the total expected revenues to determine the net fiscal impact of the proposed development on Town A.

Typical revenues and costs in a fiscal impact analysis include (but are not limited to) the following:

- Property tax
- Sales tax
- Income tax
- Other local taxes
- Water and sewer fees
- One-time construction-related fees
- Impact fees
- Miscellaneous fees
- Increased staffing costs
- Water and sewer and other infrastructure costs
- Road maintenance costs
- Public school costs
- Police and fire protection costs
- New parks and recreation facilities
- Miscellaneous costs

There are several standard methodologies that can be employed in a fiscal impact analysis. The approach used in this analysis is *average costing*.

The average costing method establishes an existing average cost per unit of service. So for example, to understand new road maintenance costs in Town A, this methodology would calculate the average cost per road-mile in the town currently. This average cost would then be multiplied by the number of new road miles added to the Town because of the development.

Similar to the average costing approach is the "Proportional Evaluation Method" that uses the proportion of local property the development comprises (typically measured by assessed value.) For example, if the development in Town A increases the town's total assessed value by 1%, then under this method it is assumed that the town's costs and revenues will increase by 1%. This 1% factor is only applied to those costs and revenues likely to be affected by the Project.

Camoin Associates, Inc.
120 West Avenue, Suite 303
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com
@camoinassociate

