

Fiscal Impact Analysis

**Cohasset Harbor
Cohasset, MA**

Chi Elm Street Realty, LLC



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Cohasset Harbor

FISCAL IMPACT ANALYSIS

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1. Introduction

Fougere Planning and Development has been engaged by Chi Elm Street Realty, LCC to undertake this Fiscal Impact Analysis for the proposal to redevelop two properties located at 87 and 124 Elm Street into 29 condominium units, along with 3,414 square feet of retail space. The proposed program for these two properties are outlined in Table One

Table One

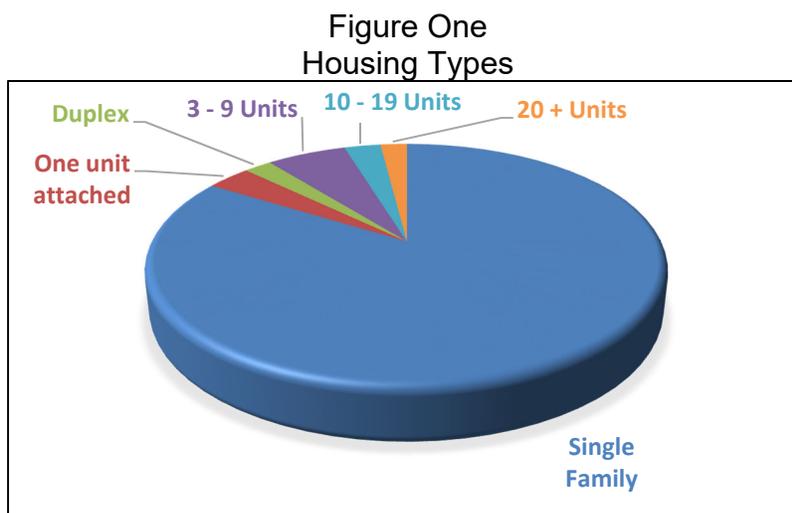
87 Elm Street	
One Bedroom	2 Units
Two Bedroom	8 Units
Retail	987 Sq. Ft.
124 Elm Street	
One Bedroom	2 Units
Two Bedroom	9 Units
Three Bedroom	8 Units
Retail	2,427 Sq. Ft.

The property at 87 Elm Street presently contains five apartment units and retail space; the 124 Elm Street property presently operates as a 55 room motel. With this redevelopment proposal, the entire project will be private with the proposed access ways maintained by the owners. On site amenities will include community social areas and a fitness center. In conjunction with the development of this project, a 20,000 square foot waterfront public park will be

constructed costing over \$1,000,000. During warmer weather months, kiosks will be manned providing goods and services to visitors. In addition, a public parking lot will be constructed with 24 spaces. Public water and sewer will service the site with user fees covering all costs.

Local Trends

Census figures report that from 2000 to 2010 Cohasset's population increased from 7,261 to 7,542, with the most recent reporting¹ noting a population of 8,393. Between the years 2010-17, the community has grown by 15.5%. A majority of Cohasset's housing stock consists of single family homes, with Census data reporting 2,829 single family homes out of a total housing stock of 3,473 units as outlined in Figure One.

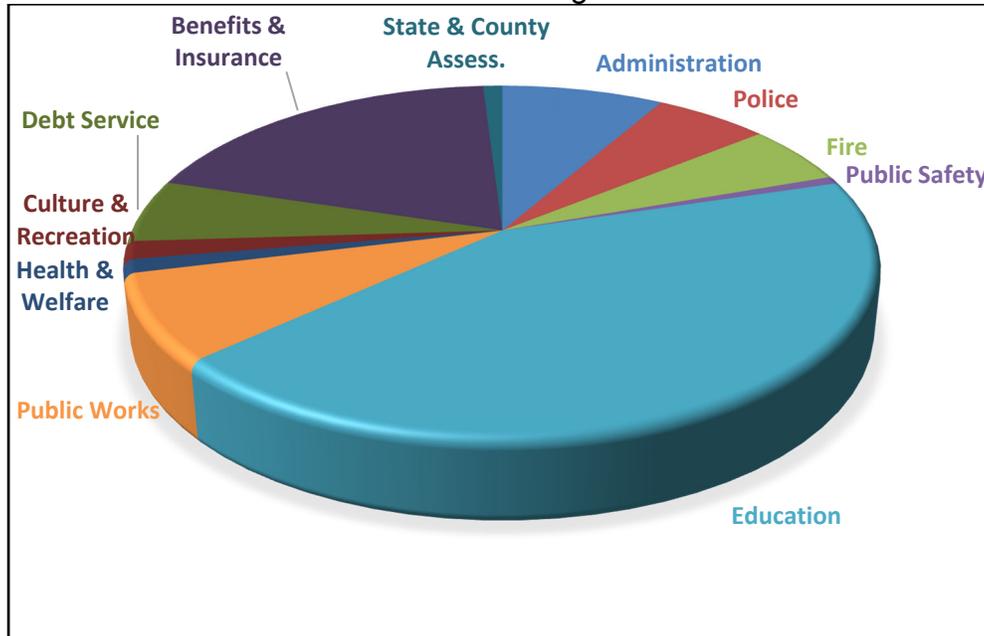


Budgets

In 2019 Town and School budgets totaled \$46,302,076 million dollars, with Education having the largest percentage followed by Public Safety and Public Works as outlined in Figure Two. Given the nature of the development proposal, the Fire, Police and School Departments will see some limited increased demand for services and therefore will be the focus of this Report.

¹ 2017 Factfinder

Figure Two
Year End Budgets



II. Fiscal Methodology Approach

There are a number of methodologies that are used to estimate fiscal impacts of proposed development projects. The Per Capita Multiplier Method is the most often used 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 the new development. The basic premise of this method is that current revenue/cost ratios per person and per unit is a potential indicator of future revenue/cost impacts occasioned by growth. New capital expenditures required for provision of services to a development are not added to current costs; instead, the present debt service for previous improvements is included to represent ongoing capital projects. The advantage of this approach is its simplicity of implementation and its wide acceptance by both consultants and local officials. The downside of the approach is that the methodology calculates the “average” cost as being the expected cost, which is often not the case and costs are exaggerated; in some cases significantly. For example, if one student is added to a school system, limited costs impacts will occur; however based on an “average” cost to educate one student the cost may be noted as \$13,000/year which includes such costs as

existing debt, building maintenance, administrative and other expenses, all of which will be minimally impacted by the addition of one student. The “true cost” could be significantly less, especially in those communities with declining enrollment.

Given this potential to overestimate fiscal costs, this Report uses a blend of a Per Capita Multiplier Method and the Marginal Cost approach which will be used to assign costs based upon anticipated department cost impacts from the project.

III. Local Revenues from Development

A) Property Taxes

Local property taxes provide the bulk of municipal revenues for Massachusetts communities. The 2019 Tax Rate for Cohasset is \$12.97 for both residential and nonresidential uses.

Based on a review local market conditions, as outlined in Table Two, the estimated annual municipal property tax revenue that will be generated by the proposed project will be \$397,955.

Estimated Residential Project Value	\$30,000,000
Estimated Commercial Space Value ²	\$682,800
Total Estimated Value	\$30,682,800
Estimated Property Tax Revenue	\$397,955

This is a significant increase over the current property taxes paid from these two properties which **total \$62,930**.

² Commercial space estimated to be \$200/square foot.

B) Miscellaneous Yearly Revenues

Motor Vehicle Excise Taxes

Another major revenue source for the community is from motor vehicle Excise Taxes. In fiscal year 2019 the Town of Cohasset received a total of \$1,975,254 from this revenue source. Assuming each unit has an average of 1.5 cars, a total of 44 cars will be owned by the condominium tenants. Given the estimated value of the proposed units, an average vehicle value of \$30,000 has been allocated to the proposed project, resulting in an estimated annual excise tax revenue of \$33,000 as outlined in Table Three.

Table Three
Motor Vehicle Excise Tax

# Cars ³	Avg. Value	Total Value
44	\$30,000	\$1,320,000
\$25/\$1,000		\$33,000

C) Community Preservation Surcharge

The community has adopted the Massachusetts Community Preservation Act (CPA), agreeing to a 1.5% surcharge on the total property taxes paid. Based on the estimated taxes from the proposed redevelopment, the CPA surcharge revenue is estimated to be \$5,969 annually as outlined in Table Four.

Table Four
Estimated CPA Revenue

CPA	Property Tax Revenue	Estimated CPA Revenue
1.5% CPA Surcharge	\$397,955	\$5,969

Other income sources were reviewed for this analysis but not included in the income figures. The Town receives state aid from a number of sources based upon the Town's population and school enrollments. The anticipated new residents will create demand for local services, thereby creating a positive impact

³ 1.5 vehicles per unit.

on the local economy. In addition, one- time building permit fees will be paid to the Town, and the construction economy will be enhanced from this new development project.

D) Total Project Revenues

The proposed development is expected to generate \$436,924 in tax revenue from both property tax and excise taxes as outlined in Table Five.

Table Five
Projected New Gross Revenue

	Projected Revenue
Estimated Tax Revenue	\$397,955
Estimated Automotive Excise Taxes	\$33,000
Estimated CPA Surcharge	\$5,969
Total Gross Revenue	\$436,924

IV. Municipal Service Costs

Given the nature of the proposed development project, as will be seen by the analysis below, few impacts will be felt by town departments. Any required off site road improvements will be addressed during the Planning Board approval process. Any sewer and water expenses will be offset through user fees. All of the proposed access ways will be private and all maintenance expense will be paid for by unit owners; refuse will be disposed of privately. This is not to infer that no costs will occur as a result of this project. Measurable impacts may be felt by both the Police and Fire Departments who may see minor increases in activity, along with few new students enrolled in the school system.

A. Municipal Department Impacts

Police & Fire

The Police and Fire Departments may experience increased demand for services from the proposed project. To gain a firm understanding of the degree of impact this project would have on these services, emergency call volume data from

similar types of land uses was gathered from an existing database of condominium units as detailed in Table Six.

Table Six
Estimated Police-Fire-EMS Calls

	# Units	Police Calls 3 Years	Avg. Call Per Year	Avg. Calls Per Unit
Project				
Hingham Woods	277	211	70	0.254
Jonathans Landing - Braintree	280	139	69.5	0.248
Devon Commons - Braintree	398	246	82	0.206
Total Average	955		222	0.232
Proposed Project	29		7	
		Fire Calls 3 Years	Avg. Call Per Year	Avg. Calls Per Unit
Hingham Woods	277	13	4	0.016
Quisset Brook - Milton	56	27	9	0.161
Jonathans Landing - Braintree	280	25	13	0.045
Devon Commons - Braintree	398	129	43	0.108
Total Average	1,011		69	0.068
Proposed Project	29		2	
		EMS Calls 3 Years	Avg. Call Per Year	Avg. Calls Per Unit
Hingham Woods	277	110	37	0.132
Quisset Brook - Milton	56	28	9	0.167
Jonathans Landing - Braintree	280	20	10	0.036
Devon Commons - Braintree	398	81	27	0.068
Total Average	1,011		83	0.082
Proposed Project	29		2	

Based upon an emergency data base for commercial uses, it is estimated that the commercial space of 3,508 square feet will generate 9 police calls annual, along with 1 fire related call and 1 EMS call. In total, the development project is estimated to generate 16 police calls, 3 fire calls and 3 EMS calls annually.

It should be noted that the new uses will result in a reduction in emergency calls based on the review of 24 months of call data to the two existing Elm Street properties. These two sites have, on average, generated 24 police calls annual along with 8 fire related calls and 2 EMS calls. An argument could be made that

no new emergency department costs will result with these new uses, but to be conservative estimated costs will be explored.

Police Department

At project buildout, the Police Department will realize an estimated increase of 16 new calls for service to the site. To put these new calls in perspective, the Department received 9,385 calls in 2018 as outlined in Table Seven.

Table Seven
Police & Fire Calls 2017/18

	2017	2018
Police	9,983	9,385
Fire	1,057	1,432
EMS	909	944

To allocate some costs to this new land uses, we have assigned a cost per call, as outlined in Table Eight, and applied this cost to the estimated new calls from the complex to arrive at an estimated annual cost of \$4,480.

Table Eight
Estimated Police Department Cost

Budget	Calls ⁴	Cost/Call	Est. Calls	Est. Cost
\$2,710,019	9,684	\$280	16	\$4,480

Fire Department

For the Fire Department, a much more modest call volume is anticipated with 6 fire calls projected (3 EMS calls and 3 fire calls). In 2018 the Department responded to 944 EMS calls and 837 fire calls. As with the Police Department, we will use an average cost per call to assign costs as detailed in Table Nine.

Table Nine
Estimated Gross Fire Department Cost

Budget	Calls	Cost/Call	Est. Calls	Est. Cost
\$2,527,315	2,171	\$1,165	6	\$6,990

Ambulance calls are a source of revenue to the community and in 2018 generated \$426,163. Based upon the 2018 ambulance call volume, the town received an average of \$478 per call from this revenue source. Based upon the 3 estimated ambulance calls, the community could realize \$1,434 in yearly

⁴ Average calls 2017/18 for both police and fire.

income. Taking this income into account, the estimated Fire Department cost impact is **\$5,556**.

B. School Department

As outlined above, 42.8% of the budget is allocated to schools. This high ratio is typical in most communities and demonstrates that a large percentage of local taxes go towards supporting the school system.

To allocate anticipated costs associated with the proposed redevelopment, the number of children that may live in the condominiums must be calculated. As previously outlined the proposal consist of 29 condominium units with a variety of units types as detailed in Table Ten.

Table Ten
Apartment Unit Types

87 Elm Street	
One Bedroom	2 Units
Two Bedroom	8 Units
124 Elm Street	
One Bedroom	2 Units
Two Bedroom	9 Units
Three Bedroom	8 Units

Condominiums housing units do not generate many school age children (SAC). A review of 980 condominium units in the area showed only 81 students residing in these units, resulting in a per unit SAC ratio of .083. Applying this ratio to the subject site results in an estimated 3 (2.4) school children as outline in Table Eleven. As the price point for the proposed units will be more reflective of the Wellesley project, it is anticipated that less than 3 school age children will reside within the project.

Table Eleven
Estimated SAC Ratios

Complex	Total Units	SAC	SAC per unit
Hingham Woods	277	24	0.087
Devan Woods Braintree	398	37	0.093
Jonathan's Landing Braintree	280	19	0.068
Belclare Wellesley	25	1	0.040
Totals	980	81	0.083
Proposed Development	29	3 (2.4)	

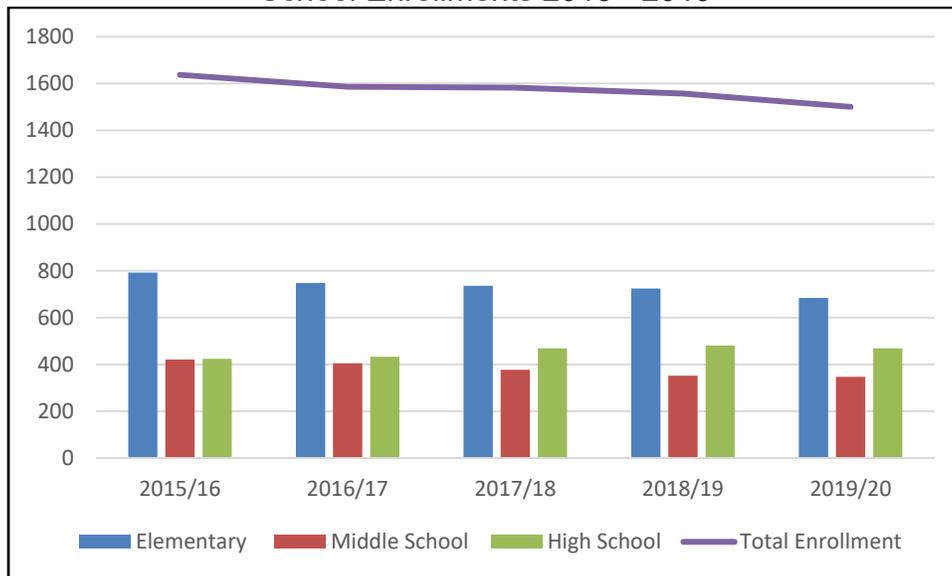
School Enrollments

As detailed in Table Twelve and Figure Four, enrollments have been decreased for both the elementary school (-13.6%) and middle school (17.58%) since 2015; during this same period the high school enrollment has increased by 10.61%. Overall school enrollment had declined by 8.37% over this five year time period.

Table Twelve
School Enrollment Trends

	2015/16	2016/17	2017/18	2018/19	2019/20	% Change
Elementary	792	748	736	724	684	-13.64%
Middle School	421	405	377	352	347	-17.58%
High School	424	433	469	481	469	10.61%
Total Enrollment	1,637	1,586	1,582	1,557	1,500	-8.37%

Figure Four
School Enrollments 2015 - 2019



School Expenses

The Massachusetts Department of Elementary and Secondary Education tracks the per pupil costs of students by District, including operation/maintenance costs and benefits. Tracking these costs for all communities allows for a direct comparison on per child spending across the state. Based upon Actual Net School Spending data reported by the

State, in 2018 Cohasset spent on average \$14,851 per student⁵ to educate its children. Removing Chapter 70 aid provides a clearer picture of the community’s actual costs. The average per student Chapter 70 aid in 2018 was \$1,284 which, if deducted from the gross per student cost, results in a net cost of \$13,567. Using this per student cost results in a total estimated of \$40,701 as shown in Table Thirteen.

Table Thirteen
Estimated School Costs

Per Student Cost		
\$13,567	3	\$40,701

C. Other Departments:

Building

Building Department costs were not included in this analysis because they are not permanent yearly impacts and will be offset by permit fees. Building permit fees are \$10 per \$1,000 for residential uses and \$15 per \$1,000 for commercial. Based on these estimated building costs, the building permit fee is anticipated to be **\$250,000**.

Other City Departments

All drives within the development will be private and maintained by the project owner. To account for potential increases in solid waste costs, we have carried a **\$4,292** expense⁶. Sewer and water fees will offset these utility costs. It is believed few other measurable impacts will incur that would result in budgetary impacts. To be conservative, we have estimated an impact of **\$5,000** to account for some potential related costs.

⁵ Mass. Dept. of Education figure, most recent data is from 2018.

⁶ 8393 housing units, transfer station cost \$512,798; \$148 per housing unit.

Summary

Gross Revenue Taxes, Excise & CPA	\$436,924
Total Municipal Costs	
Police	-\$4,480
Fire	-\$5,556
Schools	-\$40,701
Solid Waste	-\$4,292
Misl, Town	-\$5,000
Total Estimated Cost	\$60,029
Net Positive Fiscal Impact	+\$376,895

Based upon the findings in the report, the anticipated fiscal impact to the town of Cohasset is estimated to be \$60,029, resulting in the proposed development having a **positive** annual fiscal impact of \$376,895. It should be noted that this is a conservative cost impact and we are not suggesting additional staffing levels be increased because of this development. Appropriate town officials will assess local needs for services and will make decisions based upon facts that are before them. In all likelihood gross revenues will be higher than indicated. Table Fourteen summarizes the anticipated revenue streams from the proposed project.

Key findings supporting this conclusion include:

- ✚ The project will have a positive fiscal impact **\$376,895**.
- ✚ Gross property taxes will increase from \$62,930 to \$397,955.
- ✚ The proposed project will include private access way.
- ✚ A new 20,000 square foot public waterfront park will be constructed with an estimated cost over \$1,000,000.
- ✚ Annual Police Department calls are estimated to be 16 calls, with total town calls averaging 9,684. (An average of 24 police calls have occurred to the existing sites annually.)
- ✚ Calls to the Fire Department are estimated to be 3 fire calls and an estimated 3 EMS calls (6 total). Annual EMS revenue is estimate be \$1,434. (An average of 10 calls have occurred from the existing land uses)

- ✚ Building permit fees are estimated to be **\$250,000**.
- ✚ Additional positive economic activity will occur in the local economy, with short term benefits of construction jobs and long term benefits of new residents supporting local businesses including restaurants which contributes to local tax revenue in the community.