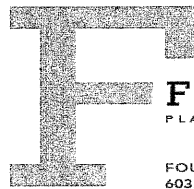


Fiscal Impact Analysis

**Newbury Heights
Condominium Community
MHOC, LLC
Newbury, MA**

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Mark J. Fougere, AICP

**Newbury Heights
Newbury, MA**

FISCAL IMPACT ANALYSIS

February 7, 2025

I. Introduction

MHOC, LLC is proposing a 44 unit townhome development (proposed Development) on a 10.5 acre site that lies at the intersection of Central Court and Central Street; the site is presently occupied by a single family home. The residential condominium community will be a mix of one, two and three bedroom units as detailed in Table 1, with 10% of the units set aside as affordable. The buildings will include both triplex and fourplex units. On site septic systems will serve the site, along with municipals water. The proposed development will be a private condominium development with the owners responsible for maintaining all internal access ways and trash disposal.

Table 1
Bedroom Mix

	# Units
One Bedroom Market	5
Two Bedroom Market	28
Two Bedroom Affordable	4
Three Bedroom Market	7
Total	44

This fiscal report is required by Newbury's Site Plan Review Submission Requirements and Procedures, Section A. Submission Requirements, 6.c) Community Impact Assessment and Fiscal Impact Assessment that states *"The assessment shall consider the existing and projected demand for municipal*

services, revenues to the Town and fiscal economic impacts.” This fiscal impact report will analyze potential revenue streams to the town from the Proposed Development, along with potential effects on key town departments.

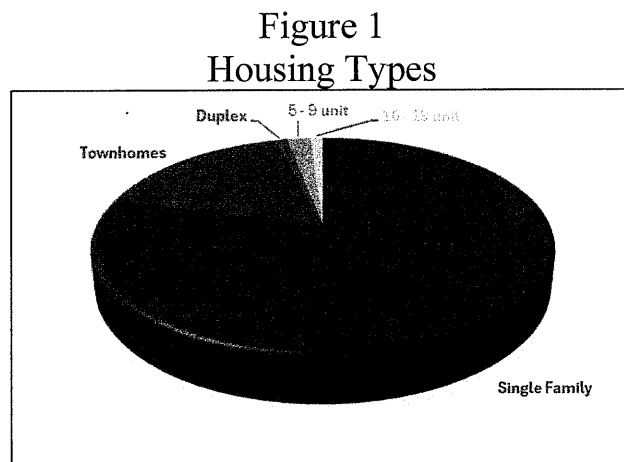
The proposed project is consistent with many of the 2024 Town of Newbury’s Housing Production Goals, including:

- Strategy 4: Create housing that meets the needs of all current and future residents.

II. Local Trends

The most recent population estimates from the US Census Bureau¹ report a population of 6,716, which is a .007% growth rate over the last 10 years (2010: 6,666). Long term population estimates² notes the potential for a significant decline in population growth, decreasing to 4,869 by the year 2050. In addition, the community is aging, with those over 65 increasing and those under the age of 20 decreasing in future years.

A large percentage (79%) of Newbury’s housing stock consists of single- family homes, with local data³ reporting 2,219 single family homes out of a total housing stock of 2,809 units as outlined in Figure 1.



¹ 2020 US Census

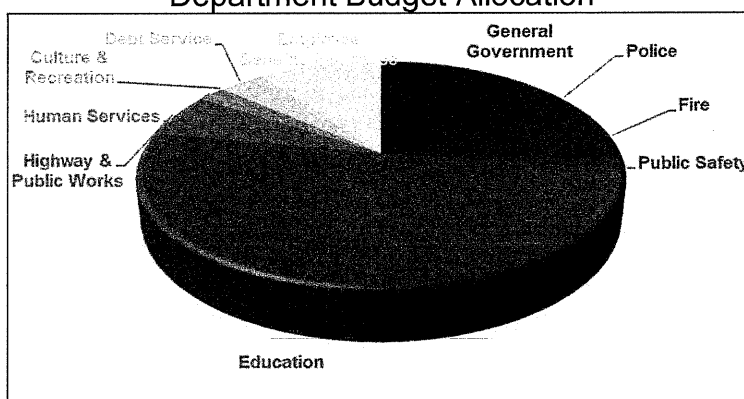
² 2024 Housing Production Plan

³ Housing Production Plan

III. Budget History

Newbury's total FY24 General Fund operating budget was \$23,415,277. Public education and safety accounts for 64.6% of the total budget as detailed in Figure 2. These departments have a large number of personnel which can impact municipal expenditures. Given the large budgetary impact these departments have on town finances, and the fact that these departments will experience the most direct measurable impact from the proposed development, they are the primary focus of this Report.

Figure 2
Department Budget Allocation



IV. 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 place⁴.”*

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 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 a new development. The basic premise of this method is that current revenue/cost ratios

⁴ Burchell.

per person and per unit are 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 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, significantly in some instances. If one student is added to a school system, limited cost impacts will occur; however, based on an “average” cost to educate, for one student the cost would be noted as \$18,000/year, which includes such costs as existing debt, building maintenance, administrative and other factors, 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.

The Marginal Cost Approach is a more realistic methodology that can be used to estimate and measure developmental impacts based on actual costs that occur in the community. At this time, a “level of service” exists in Newbury to serve the community. This existing service level, for the most part, addresses the needs of the community through existing tax collections. As new developments occur pressure is often placed on some departments to address increased service demands, while other departments see negligible, if any impacts. In reviewing the potentially impacted Town departments specifically, a more accurate analysis of anticipated cost impacts can be determined. This Report will use a combination of these two methodologies.

It is anticipated that the Proposed Development will create modest measurable increases in service demands to a few departments. Any required off-site road improvements will be addressed during the approval process. Solid waste generated by this project will be removed by a private hauler. Any construction related or operating utility expenses will be offset through user fees. All on-site improvements will be private, and all maintenance expenses will be paid for by project owners. This report does not intend to infer that no costs will be incurred as

a result of the Proposed Development. Measurable impacts will certainly be felt by a few Town departments, most notably the School Department along with the Police and Fire Departments. Other Town agencies will realize little or no measurable increases in service demands.

V. Local Revenues from the Proposed Development

A) Property Taxes

Local property taxes provide the bulk of municipal revenues for the Town of Newbury; the FY25 tax rate is \$7.45 per \$1,000 valuation. Table 2 outlines the estimated municipal property tax revenue that may be generated by the Proposed Development. In consultation with the project proponent, an estimated total project assessed value of \$29,118,000⁵ has been calculated, which is projected to generate \$216,929 in annual property tax revenues to the General Fund.

Table 2
Anticipated Yearly Property Tax Revenue

	# Units	Est. Price	Est. Assessed Value	Est. Property Taxes
One Bedroom Market	5	\$600,000	\$3,000,000	\$22,350
Two Bedroom Market	28	\$690,000	\$19,320,000	\$143,934
Two Bedroom Affordable	4	\$317,000	\$1,268,000	\$9,447
Three Bedroom Market	7	\$790,000	\$5,530,000	\$41,199
Total	44		\$29,118,000	\$216,929

The subject site is presently assessed for \$598,700, generating \$4,460 in annual property taxes. The Proposed Development will increase the property's assessment substantially and increase property tax revenues by over \$212,000.

B) Miscellaneous Yearly Revenues

1. Motor Vehicle Excise Tax

Another major source of revenue for the community is motor vehicle excise taxes. In fiscal year 2023 the Town collected a total of \$1,280,000⁶ in excise tax revenue. Based upon the estimated number of vehicles that may be owned by the residents

⁵ Estimated market rate unit sale prices are conservatively low.

⁶FY25 Town Budget.

of the Proposed Development, a projected \$38,500 in vehicle excise tax revenue has been estimated as outlined in Table 3.

Table 3 Motor Vehicle Excise Tax			
	#	Value	
Vehicles⁷	77	\$20,000	\$1,540,000
\$25/\$1,000			\$38,500

Total Estimated Yearly Project Revenues

The Proposed Development is estimated to generate \$255,429 in local revenues from property tax, excise taxes and CPA Surcharge. Table 4 summarizes these findings.

Table 4 Estimated Yearly Revenue	
Property Taxes	\$216,929
Excise Tax	\$38,500
Total Revenue	\$255,429

Additional one-time payment revenues will also be realized as part of the Proposed Development, these will be detailed further below.

⁷ Average 1.75 vehicles per unit

VI. Municipal Service Costs

Given the nature of the Proposed Development, as will be seen in the analysis below, measurable impacts will be limited to a few key Town services that includes the police, fire and school departments. All onsite maintenance will be addressed by the property owners, including access ways and trash removal.

Department Impacts

Police & Fire

The Police and Fire Departments will both experience some increased demand for services from the Proposed Development. For fiscal year 2024, the Police Department budget totaled \$1,557,875 and Fire Department budget totaled \$1,577,580. To assess the degree of impact this Development Project may have on these departments, emergency call data from comparable condominium complexes were analyzed. These ratios were then totaled to derive an average call ratio per unit which was then used to generate projected emergency calls for each department. Extrapolating from the comparable call data, modest increases are projected in the Town's Police and Fire Department call volume as detailed in Table 5 and 6.

Annual Police calls are estimated to increase by 13 calls annually (.25 calls per week); the Department responded to 12,035 calls⁸ in 2021. Annual Fire Department calls are estimated to increase by 7 (.13 calls per week); the department responded to 726 calls⁹ in 2023 and 1,222 calls in 2022.

⁸ Does not include building checks.

⁹ FY25 Town Budget.

Table 5
Projected Emergency Service Calls
Police Call

	Units	Police Calls	Call Ratio
The Woodland - Rowley	12	3	0.250
Rowley Village Green - Rowley	25	5	0.200
Village at Bailey Pond - Amsbury	72	85	1.181
Hingham Woods	277	70	0.253
Jonathans Landing - Braintree	318	70	0.220
Deven Crossing - Braintree	398	82	0.206
Compass Point - North Andover	48	16	0.333
Cochichewick Drive - North Andover	16	11	0.688
Average Totals	1,166	342	0.293
Proposed Townhome Condominiums	44	13	

Table 6
Fire & EMS Department Calls

	Units	Fire Calls	Call Ratio	EMS Calls	Call Ratio
3 Bridge Road - Salisbury	15	4	0.267	0	0.000
207 Beach Road - Salisbury	14	1	0.071	0	0.000
Village at Bailey Pond - Amsbury	72	54	0.750	7	0.097
Hingham Woods	277	4	0.014	37	0.134
Jonathans Landing - Braintree	318	9	0.028	9	0.028
Deven Crossing - Braintree	398	13	0.033	10	0.025
Compass Point - North Andover	48	8	0.167	8	0.167
Cochichewick Drive - North Andover	16	4	0.250	1	0.063
Average Totals	1,158	97	0.084	72	0.062
Proposed Townhome Condominiums	44	4		3	

Police Department

To account for the increased demand for services, a number of options were reviewed including cost per call and cost per capita. Since emergency calls for service provides a clear measure of potential increased service demands on the Department, this approach was used and results in an estimated annual impact of \$1,690 as outlined in Table 7. This cost estimate is not inferring that the Police Budget will increase because of the Proposed Development but assigns a "cost" to account for this new Proposed Development in the community. This Proposed Development, along with other new land uses investing in the community will, over time, increase service demands on the Department. The noted cost accounts for that potential future expenditure. To be conservative, we will carry a cost of **\$10,000** in this analysis.

Table 7
Police Department Impact

Department	FY 2024 Budget	Calls	Cost/call	Est. Calls	Annual Cost
Police	\$1,557,875	12,035	\$130	13	\$1,690

Fire Department

As with the Police Department, to account for potential impact on the Fire Department from the Proposed Development a cost per call ratio was used, which generates an estimated annual cost of \$15,015 as outlined in Table 8.

Table 8
Fire Department Impact

Department	FY 2024 Budget	Calls Per Year	Cost/call	Est. Calls	Annual Cost
Fire	\$1,577,580	726	\$2,145	7	\$15,015

Ambulance calls generate yearly revenue for the community and in FY24 \$62,518 was generated from this service. EMS calls to the new community will generate new revenue for Newbury, potentially assisting in offsetting fire department costs.

Other Town Departments

Building

Building Department costs were not included in this analysis because they are not a permanent annual impact and will be offset by building permit fees¹⁰.

Public Works

All drives within the development will be private and maintained by the Proposed Development owners. Solid waste will be handled by a private contractor with no expenses incurred by the Town.

Other Departments

It is not anticipated that measurable impacts will occur to other Town departments such as the Library and Town Clerk's office and therefore no other costs were

¹⁰ \$12 per \$1,000 value of construction.

analyzed. To be conservative, a **\$5,720** cost¹¹ will be carried to account for other potential impacts.

School Department

As noted above, the Proposed Development will consist of a mix of one, two and three bedroom units as detailed in Table 9, with 10% of the units set aside as affordable.

Table 9
Bedroom Mix

	# Units
One Bedroom Market	5
Two Bedroom Market	28
Two Bedroom Affordable	4
Three Bedroom Market	7
Total	44

Enrollment Trends

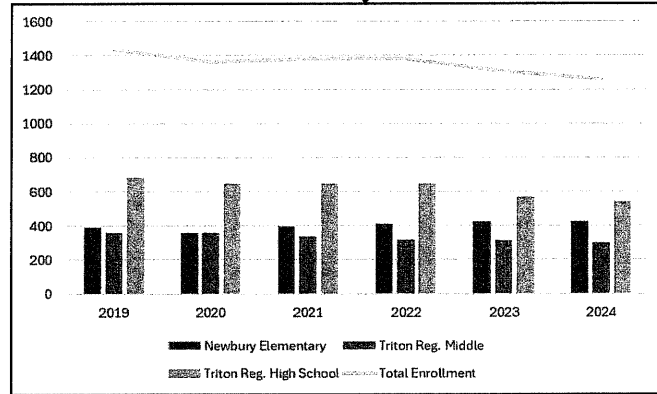
Reviewing enrollment history over the last six years, as outlined in Table 10 and Figure 3, declines have been realized in middle and high school levels and 7% growth at the elementary level: with the high school seeing the greatest decline in students (-20%).

Table 10
Enrollment History 2019 - 2024

	2019	2020	2021	2022	2023	2024	Decline
Newbury Elementary	393	359	395	412	426	424	31
Triton Reg. Middle	361	359	337	320	314	297	-64
Triton Reg. High School	682	646	647	647	567	539	-143
Total Enrollment	1,436	1,364	1,379	1,379	1,307	1,260	-176

¹¹ Estimate \$130 per unit for the residential use.

Figure 3
Enrollment History 2019 – 2024



Estimated School Age Children

To estimate the number of school age children (SAC) that may reside within the proposed housing community, we reviewed comparable townhome developments in the region. As detailed in Table 11, 78 units were reviewed, and 14 SAC were found resulting in a per unit SAC ratio of .179 students per unit. Applying this ratio to the proposed development results in an estimated 8 SAC.

Table 11
Estimated School Age Children¹²

Townhomes	Units	SAC	SAC/Unit
Ashley Village - Rowley	6	0	0.000
Twin Hill Farm - Rowley	6	8	1.333
The Woodland - Rowley	12	2	0.167
Rowley Village Green - Rowley	25	0	0.000
3 Bridge - Salisbury	15	4	0.267
207 Beach - Salisbury	14	0	0.000
Total Average	78	14	0.179
Proposed	44	8(7.9)	

To be conservative and to account for the four affordable housing units, 4 additional students will be added to the analysis generating an estimated 8 – 12 students¹³

¹² We also reviewed the 68 unit townhome project Village at Bailey's Pond, all three bedroom units, 0 school age children reside within the development.

¹³ This does not take into account that 1-2 school children could reside within the existing single family home.

potentially residing within the proposed project, which will be spread throughout grade levels.

We discussed the proposed project with Superintendent Brian Forget to gain an understanding how increased enrollment may impact school operations. Given the small number of students expected, the Superintendent did not believe material costs impacts would be discerned. Busing capacity is not an issue, and the high school is very close to the subject site. Special education costs may be a factor, with the average per student often reaching \$40,000 per student. To account for potential SPED costs, \$80,000 will be accounted for in this analysis¹⁴ which the Superintendent felt was a reasonable cost to include.

The community annually receives Chapter 70 aid and in FY2025 it was estimated that the local school department will receive \$9,171,741 (average \$4,254 per student). This aid, which takes into account enrollments, may assist in offsetting school-related impacts should overall enrollment increase.

It is not expected that all potential students will appear in the school system simultaneously. At this time, a very preliminary estimate of unit occupancy would be in the fall of 2026 and that the project would not be fully occupied until the fall of 2028.

¹⁴ Percentage of SPED students typically 18-22% of the student population, assuming two SAC may need assistance.

FISCAL SUMMARY

Table 12 summarizes the estimated fiscal impact from the Proposed Development. Fougere Planning does not suggest that municipal budgets be increased to offset the noted costs, these findings may be viewed as a guide to potential future costs. Any necessary budget increases will be addressed by Town officials as part of the regular annual budget preparation process.

Table 12
Estimated Annual Fiscal Impact

Gross Rev. Property Taxes & Excise Taxes	\$ 255,429
Estimated Municipal Costs	
Police	-\$10,000
Fire	-\$15,015
Other Departments	-\$5,720
Schools	-\$80,000
Total Costs	-\$110,735
Net Annual Positive Fiscal Impact	+144,694

Summary of Findings

- The Proposed Development will result in estimated gross revenues totaling \$255,429 and annual anticipated costs totaling \$110,735. Property tax payments will increase substantially over current payments.
- Increased emergency call volume will be modest for both the Police and Fire Departments.
- Building permit fees will generate significant revenue to the community.
- Limited measurable impacts are foreseen by other town departments.
- Chapter 70 Aid may increase with the addition of the new students.
- Analysis does not consider intangible economic benefits of creating additional jobs for the area, providing additional homeowners to support local businesses, or providing much needed new multi-family homeownership housing.