

FISCAL IMPACT ANALYSIS

Paragon Dunes Apartments 197 Nantasket Avenue

**Prepared For:
Procopio Companies**

Prepared By:



FISCAL IMPACT ANALYSIS
Paragon Dunes Mixed Use Development
197 Nantasket Avenue

January 31, 2024

I. Introduction

The Procopio Company is proposing a new residential community consisting of 132 residential apartment units, along with 9,300 square feet of indoor commercial space (seasonal outdoor commercial space will also be present). The subject site presently consists of three properties with 21,256 square feet of commercial space & parking on 3.35 acres. This fiscal analysis is being submitted in support of the proposed mixed use/multi-family housing application.

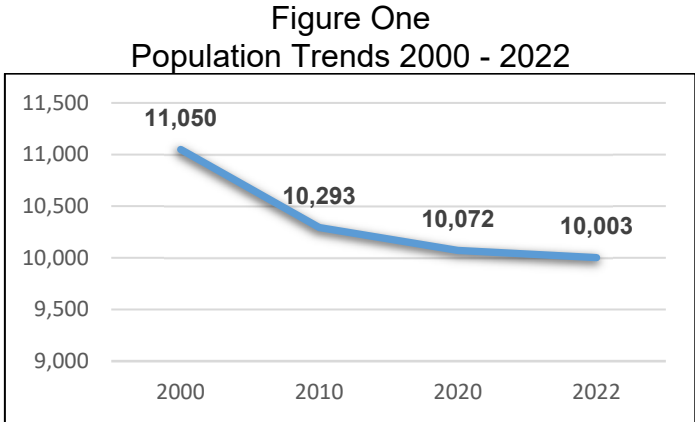
The development program involves the construction of a single building, along with onsite amenities that will include both residential and commercial outdoor spaces. Approximately 185 parking spaces will be available on the site. Table One outlines the apartment unit breakdown; 65.9% of the units are studio or one-bedroom units.

Table One
Apartment Development Unit Breakdown

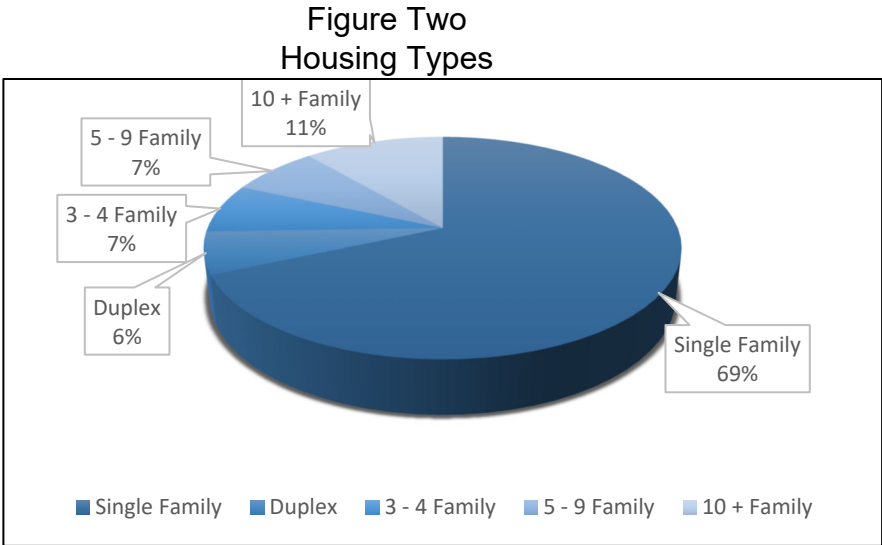
Unit Type	# Units
Studios	19
One Bed Mkt.	68
Two Bed. Mkt.	44
Three Bed Mkt.	1
Total Units	132

II. Local Trends

Census figures report that from 2000 to 2010 Hull’s population decreased 6.8%, from 11,050 to 10,293. The 2020 US Census data reports further population decline to 10,072. Based upon Town data¹, Hull’s 2022 population was 10,003. These population trends are summarized in Figure One.



A majority of Hull’s housing stock consists of single-family homes, with US Census data reporting 69% of housing units are single family homes as detailed in Figure Two.

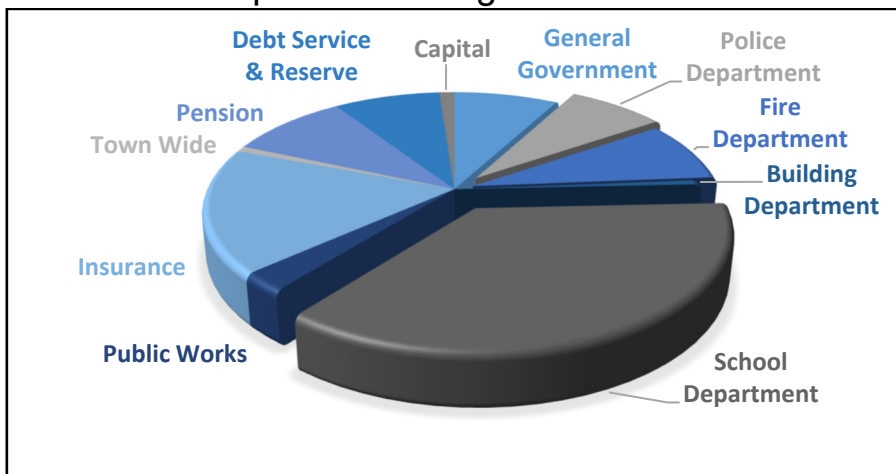


¹ Annual Comprehensive Financial Report, 2022.

Budget History

Hull's total operating budget for FY2024 was \$47,542,888. Public Safety and Education account for a large percentage of the total budget as detailed in Figure Three. These departments have the largest personnel and the most direct impact on municipal expenditures. Given the large budgetary impact these departments have on the community and the fact that they will experience the most direct measurable impact from the proposed development, they are the primary focus of this Report.

Figure Three
Department Budget Allocation



III. Methodology Approach

Fiscal Impact Analysis 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 place.”*

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 premise of this method is that current revenue/cost ratios 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 as costs are exaggerated significantly in some instances. (For example, if one student is added to a school system, limited cost impacts will occur; however based on an “average” cost to educate one student the cost could be noted as \$19,000/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 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, there is an existing municipal “level of service” present in Hull to serve the community. This existing service level, for the most part, addresses the needs of the community through existing tax collections. As new development occurs, pressures are placed on some departments to address increased demands, while other departments experience negligible, if any, impacts. In reviewing the potentially impacted departments specifically, a more accurate picture of anticipated cost impacts can be determined. The Report will use a mix of Marginal and Average Costing Method within this analysis.

Given the nature of the proposed project, as will be shown by the analysis below, measurable impacts will be limited to a few Town departments. Any required offsite traffic and roadway improvements are expected to be addressed during the approval processes. Solid waste generated by project will be removed by a private hauler. Water and sewer utility expenses associated with new uses will be offset through user fees. All on-site property improvements will be maintained privately.

Measurable impacts of the development are expected to be limited to a few Town departments, most notably the School Department, along with the Police and Fire Departments. Other Town agencies are projected to experience little or no measurable impacts from the proposed development.

IV. Local Revenues from Development

A) Property Taxes

Local property taxes provide the bulk of municipal revenues for Hull, totaling 72.7% of all revenues to the General Fund². Hull has one tax rate for all uses, \$12.17 per \$1,000 valuation, which will be used to estimate property tax revenue.

Reviewing local market conditions and expected rents, Table Two summarizes the estimated future assessment of both residential and non-residential program. Based on an expected total project assessment of \$39,454,933, \$480,167 in annual property tax revenue is expected. In addition, the 1.5% CPA surcharge will generate \$7,202 annually, producing project estimated income totaling **\$487,369**.

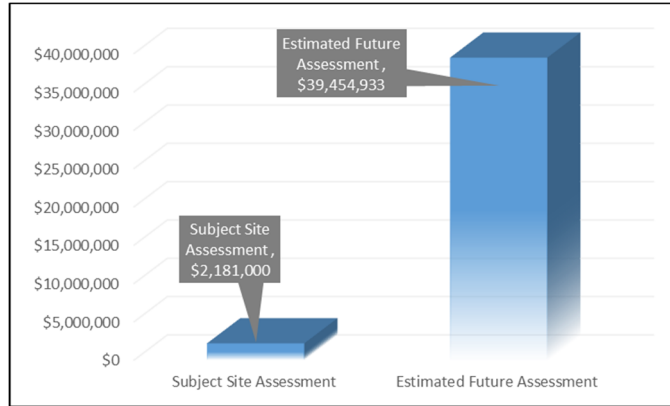
Table Two
Estimated Yearly Revenue

	Units	Assessment	Assessment/Unit
The Estates - Hull	162	\$40,060,100	\$247,285
Cove - Hingham	220	\$69,535,700	\$316,071
Avalon Residence Hingham Shipyard	190	\$58,233,100	\$306,490
The Preserve Cohasset	220	\$61,367,700	\$278,944
Average	792	\$229,196,600	\$289,390
Proposed Paragon Dunes	132	\$38,199,433	
Proposed Restaurant Space @ \$135 Sq.Ft.	9,300	\$1,255,500	
Total Estimated Assessment		\$39,454,933	
Estimated Property Taxes @ \$12.17		\$480,167	
CPA Surcharge 1.5%		\$7,202	
Total Estimated Property Revenues		\$487,369	

As outlined in Figure Four, the project site will increase in value from \$2,181,000 to \$39,454,933.

² Fiscal Year 2022 Budget document.

**Figure Four
Estimated Increase in Site Assessment**



The subject sites presently generate \$26,542 in local property tax revenues, with this development program creating \$453,625 in new revenues.

B) Miscellaneous Yearly Revenues

Motor Vehicle Excise Tax - Another major revenue source for the community is motor vehicle excise taxes. In fiscal year 2022 the Town of Hull received an estimated \$1,468,268 from this revenue source³. Table Three outlines the projected vehicle excise tax for the proposed project.

**Table Three
Motor Vehicle Excise Tax**

<u># Cars⁴</u>	<u>Value</u>	<u>Total Value</u>
164	\$12,000	\$1,968,000
	\$25/\$1,000	\$49,200

³ Town Report, General Fund Revenue summary.

⁴ Assume 1.1 vehicles studio/one bed & 1.5 vehicles 2/3 beds.

C) Estimated Yearly Project Revenues

In total the proposed development is estimated to generate \$536,569 in local revenues as summarized in Table Four.

Table Four
Estimated Annual Yearly Revenue

Estimated Property Taxes	\$487,369
Estimated Excise Taxes	\$49,200
Total	\$536,569

Additional annual revenue may be realized by the community from meals taxes, as it is anticipated that food and beverage services will be a component of the commercial space. Additional one-time revenues will also be realized as part of the development, these will be detailed further below.

V. Municipal Service Costs

Given the nature of the proposed development project, as will be seen in the analysis below, measurable impacts will be limited to a few key Town Departments including schools, police and fire departments. All onsite maintenance will be addressed by the property owner, including site access repairs and trash removal.

Department Impacts

Police & Fire

The Police and Fire Departments will experience some increased demand for services from the proposed project. For fiscal year 2024 the Police Department budget was \$3,590,215 and responded to approximately 17,000 incidents a year⁵. The Fire Department budget was \$3,928,444 and responded to 2,422 calls⁶, of which 1,491 were EMS. Both the Police and Fire Departments were contacted directly to obtain local emergency call data from similar uses.

⁵ 2022 Town Report
⁶ 2022 Town Report.
⁶ Call detailed outlined in Appendix.

To assess the potential impact to emergency services in the community, call data was obtained from a local comparable apartment complex; The Estate, a 162-unit apartment community. Extrapolating from the comparable call data, increases are projected in the Town’s Police and Fire Department call volume. Annual Police calls⁷ are projected to increase by 15 calls annually (.288 calls/week); annual fire/ambulance calls are projected to increase by 43 calls (.82 calls/week) as detailed in Table Five and Six⁸.

Table Five
Projected Police Emergency Service Calls

Apartments	Units	Police Calls / Year	Police Calls Per Unit
The Estates - Hull	162	19	0.117
Proposed	132	15	
Other Apartments	894	225	0.252

Table Six
Projected Fire Emergency Service Calls

Apartments	Units	Fire Calls / Year	Police Calls Per Unit
The Estates - Hull	162	9	0.056
Proposed	132	7	
Apartments	Units	EMS Calls / Year	Police Calls Per Unit
The Estates - Hull	162	44	0.272
Proposed	132	36	

Police Department

We spoke with Police Chief John Dunn about the project and overall he was not concerned about the impact of increased calls to his Department from the proposed development. Noise complaints may be an issue, but the Chief did not believe the project would create an excessive demand for services given 65% of the units are studio and one-bedroom units. The Chief does not believe many families will live there, but mainly young professionals and seniors. The Chief did raise concerns relative to traffic, which should be addressed during the Planning Board review

⁷ If the Consultants apartment call data base of police calls to apartment complexes outside of Hull is used, 33 annual calls are estimated.
⁸ Commercial space is decreasing in size from 21,256 square feet to 9,300 square feet, therefore call data was not included in this analysis.

process. The Chief is looking to obtain approval to add five police officer positions over the next five years to address staffing concerns that exist. With benefits, a police officer position costs \$100,000 annually.

To account for the increased demand for services to the Police Department, a number of options were reviewed including cost per call and cost per capita. Since calls for service provides a clear measure of impact on the Department, this approach was used and results in an estimated annual impact of \$8,646 as outlined in Table Seven. To be conservative we will carry an estimated cost of \$10,000 for potential Police Department expenses. The Chief felt this was a fair allocation of potential operating expense. This cost estimate is not inferring the Police Budget will increase as a result of the proposed development but assigns a “cost” to account for this new land use in the community.

Table Seven
Police Department Impact

Department	FY 2024 Budget	Calls⁹	Cost/call	Est. Calls	Annual Cost
Police	\$3,5590,215	13,744	\$262	33	\$8,646

Fire Department

As with the Police Department, to account for some impact from the proposed development a cost per call ratio was used which provides a gross estimated annual cost of \$69,703 as outlined in Table Eight.

Table Eight
Gross Fire Department Impact

Department	FY 2023 Budget	Calls Per Year	Cost/call	Est. Calls	Gross Annual Cost
Fire	\$3,928,444	2,424	\$1,621	43	\$69,703

⁹ Total calls were decreased by 20% to remove minor calls that place limited demands on the Department.

The Fire Department charges those who use the town's EMS services and in 2022 these charges totaled \$606,509 or an average of \$406 a call. The estimated 36 EMS calls are projected to generate \$14,616 annually. Taking into account this noted revenue, the net estimated Fire Department cost totals \$55,087.

Other Departments/Revenues:

Building

Building Department costs were not included in this analysis because they are not permanent annual impacts and will be offset by building permit fees. The Department charges \$20/\$1,000 of construction costs; plumbing and electric permit fees will also be due. It is estimated that the proposed project will involve \$35,000,000 in building construction costs, generating \$700,000 in building permit income. This estimated fee exceeds the entire revenue collected by the Building Department in 2022; \$686,046.

Other Departments

It is not anticipated that measurable impacts will occur to other town departments and therefore no other costs were analyzed. All on site ways will be maintained by the property owner, along with the disposal of all refuse. To be conservative, an \$15,840¹⁰ cost will be carried to account for potential other expenses related to the proposed residential use.

¹⁰ A cost of \$120 per unit is allocated to "other" town department impacts accounting for potential impacts to other town departments such as the library, human services and administration. This cost approach based upon 20 plus years of reviewing budgetary impacts from development.

School Department

For the school year 2023-24, the Town of Hulls’s public school enrollment was 755 students housed in three schools. The 2023 Public School budget was \$17,334,000.

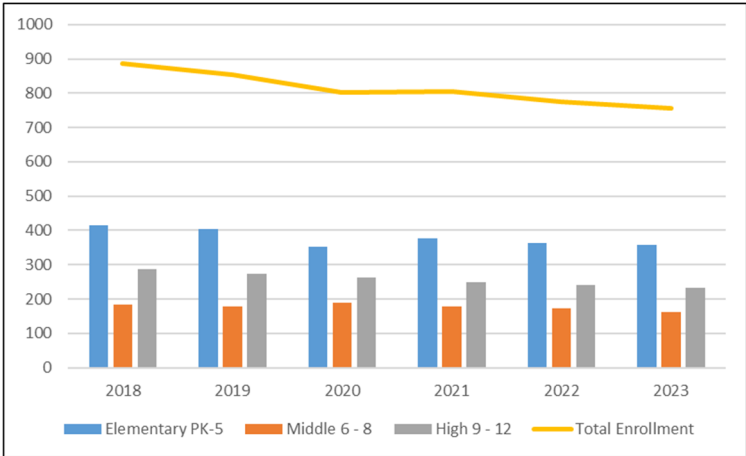
Enrollment History

Since the 2018/19 school year, overall school enrollment has declined by 14.8% as detailed in Table Eight and Figure Four, with the high school showing the largest decrease of 18.8%. Since 2010 overall enrollment has decreased 35%.

Table Eight
Enrollment Trends 2018-2023

	2018	2019	2020	2021	2022	2023	% Change
Elementary PK-5	415	403	352	378	362	359	-13.49%
Middle 6 - 8	185	177	188	179	172	163	-11.89%
High 9 - 12	287	274	262	248	241	233	-18.82%
Total Enrollment	887	854	802	805	775	755	-14.88%

Figure Four
Enrollment Trends



Potential New School Age Children

To gain an understanding of potential school related expenses, the anticipated number of school children that may be generated by the proposed development was analyzed. The proposed apartment complex will have a mix of studio (19), one-

bedroom (68), two-bedroom (44) units, and one three-bedroom unit. Eighty-seven units (65.9%) will be studio or one-bedroom units as detailed in Table Nine, these unit types generates few School Age Children (SAC).

Table Nine
Apartment Unit Mix

	Units
Studio Market	19
One Bed Market	68
Two Bed Market	44
Three Bedroom Market	1
Totals	132

To gage the potential number of SAC that may reside within the proposed community, we reviewed data from The Estates a comparable 162-unit market rate apartment community with 66 one bedroom and 96 two-bedroom units. Based upon data from the School Department, there are 13 School Age Children residing in this development, a two-bedroom SAC ratio of .135 (13/96). The Consultant also reviewed its own database of over 1,000 apartment units where the number of SAC children is known by bedroom type (studio, one-bed, etc.). Based on this data, as outlined in Table Ten, 10 SAC may reside within the proposed apartment community.

Table Ten
Estimated SAC

Unit Type	#	SAC Ratio	SAC
Studios	19	0	0
One Bed Mkt.	68	0.009	0.612
Two Bed. Mkt.	44	0.18	7.92
Three Bed Mkt.	1	0.812	0.812
Total Units	132		10 (9.34)

This estimate decreases to 8 SAC if we apply the two-bedroom SAC ratio from The Estates (.135) as summarized in Table Eleven.

Table Eleven
Alternative SAC Estimate

Unit Type	#	SAC Ratio	SAC
Studios	19	0	0
One Bed Mkt.	68	0.009	0.612
Two Bed. Mkt.	44	0.135	5.94
Three Bed Mkt.	1	0.812	0.812
Total Units	132		8 (7.36)

Based on this analysis, an estimated 8 – 10 School Age Children may reside within the proposed apartment community.

To gain insight on the local school system and review these findings, we met with Superintendent Judith Kuehn to discuss the proposed development program. Given the small increase in new students the Superintendent was not concerned with any capacity issues. The decrease in student population has resulted in smaller classrooms and led to the decision to close the middle school and create a new grade program of PK – 7 & 8 – 12. In addition, new students will be spread throughout the grade levels, further reducing impacts. Five potential cost centers were discussed with the Superintendent: Teachers, ELL, SPED, Bussing & Supplies. Superintendent Kuehn did not believe ELL services or bussing costs would be impacted with the proposed project. Special education services are provided to 21.8% of the student population, with an average per student cost¹¹ of \$20,682. An allocation of \$1,000 per student would cover school supplies. The average annual cost for a teacher in Hull, with benefits, is \$91,000. To be conservative, we have carried the cost of ½ a teacher in this analysis assuming an estimated 10 School Age Children. Table Twelve summarizes total estimated school costs to be \$96,864. The Superintendent was comfortable with this cost estimate.

Table Twelve
Estimated School Expense

SPED	\$41,364
Supplies	\$10,000
Teacher	\$45,500
Total	\$96,864

¹¹ FY24 SPED budget \$3,412,625 serving 165 students.

FISCAL SUMMARY

Table Thirteen summarizes the fiscal impact from the proposed development, with an estimated positive fiscal finding of \$358,778. Fougere Planning is not suggesting that budgets should be increased to offset the noted costs, but these findings should be viewed as potential costs with the need for future budget increases addressed by Town officials.

Table Thirteen
Estimated Annual Fiscal Impact

Gross Revenues		\$536,569
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Estimated Municipal Costs		
	Police	-\$10,000
	Fire	-\$55,087
	Other Dept. Costs	-\$15,840
	School Costs	-\$96,864
	Total Costs	-\$177,791
Net Annual Positive Fiscal Impact		+\$358,778

Summary of Findings

- The proposed residential component of the development project will result in a net annual positive fiscal impact based upon anticipated gross revenue of \$536,569 and anticipated expenses totaling \$177,791.
- Increased emergency call volume will occur to emergency service departments, with annual police calls estimated to increase by 15 calls a year (.288 per week) and fire department calls increasing 43 (.82 per week).
- Eight to Ten School Age Children may reside within the proposed apartment community. No school capacity issues exist, with declining enrollments projected to continue.
- Limited measurable impacts are foreseen to other town departments.
- Analysis does not take into account the intangible positive economic benefit of creating additional market rate housing units in the community.
- Additional meals revenues may result from the commercial space.
- An estimated \$700,000 in building permit fees are anticipated; this figure exceeds the total income to the Building Department in 2022; \$686,046.