



Dascomb Road Project Fiscal Impact Analysis

148 Dascomb Road - Andover, Massachusetts

Guide to an Over-55 Community on Dascomb Road

Revenues								
Motor Vehicle License	5,700,797.87							5,700,797.87
Meals Taxes	570,251.91							570,251.91
Hotel/Motel Taxes	1,747,841.43							1,747,841.43
Penalties and Interest on Taxes and Excises	400,651.04							400,651.04
Payments in Lieu of Taxes	314,016.00							314,016.00
Fees	97,796.80							97,796.80
Charges for Services - Water	-	8,054,083.78						8,054,083.78
Charges for Services - Sewer	-		3,819,667.98					3,819,667.98
Departmental Revenue - School	446,507.39							446,507.39
Departmental Revenue - Library	1,953.89							1,953.89
Other Departmental Revenue	266,150.97							266,150.97
Utility Liens	-	155,641.40	97,772.22					253,413.62
Licenses and Permits	3,084,252.78							3,084,252.78
Special Assessments	4,208.05			1,348,736.48				1,352,944.53
Fines and Forfeits	308,378.00							308,378.00
Investment Income	72,163.23	18,571.52	17,742.66		3,054.40			111,529.81
Other	-	3,165.04	1,300.21					4,465.25
Intergovernmental	12,798,509.00							12,798,509.00
Real/Personal Property Taxes	126,291,942.30							126,291,942.30
Tax Titles	112,923.09							112,923.09
Other	-							-
Transfer from Bond Premium Stabilization	200,000.00						(200,000.00)	-
Offset								
DCS	521,759.79							521,759.79
Elder Services	107,089.13							107,089.13
Rentals	102,906.36							102,906.36
Off Duty Admin Fee	107,397.21							107,397.21
Cemetery Internment Fees	69,025.00							69,025.00
Ambulance Fees	1,426,816.02							1,426,816.02
Fund and other	-			237,524.05	17,491,825.99	23,934,282.58	241,980.30	41,980,302.92
	154,753,337.26	8,219,655.20	15,295,222.00	237,524.05	17,491,825.99	23,934,282.58	241,980.30	209,023,748.38
Government	7,507,797.65			10,212,279.21	6,651,256.56	23,892,573.69	141,157.23	48,204,007.34
Community Services	1,975,774.96							1,975,774.96
Capital Maintenance	10,549,803.54							10,549,803.54
Safety	15,553,538.78							15,553,538.78
Intergovernmental	12,798,509.00							12,798,509.00

DRAFT
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Executive Summary

The Lupoli Companies is petitioning the Town at Town Meeting to propose a Planned Unit Development (PUD) at 148 Dascomb Road in Andover, Massachusetts for the Dascomb Road Project. The primary purpose of the PUD is to allow 225 age-restricted (55+) residential units to create a mixed-use development on the site. Commercial uses including office, grocery store, retail, restaurants, community center, and hotel are already permitted under special permits from the Planning Board and/or Zoning Board of Appeals.

The purpose of this fiscal analysis is to estimate the net fiscal impact of the project on the Town of Andover at the full build-out of the Master Plan. This document provides projections for revenue generated by the project and expenses incurred by the Town to support the project. Ultimately, all tax rates and assessed values are determined by the Town of Andover after construction, so this document does not attempt to calculate precisely to the dollar. Instead, this report identifies the critical assumptions and calculates projections so that it can reasonably be determined that the Dascomb Road Project is either fiscally net positive, net neutral, or net negative for the Town.

The Master Plan identifies the following mix of uses which were considered for this analysis:

- 260,000 SF age-restricted residential dwellings (225 units, age 55+)
- 65,000 SF hotel (100 rooms)
- 150,000 SF office / commercial
- 50,000 SF retail (no single retailer may be larger than 25,000 SF)
- 20,000 SF restaurants
- 35,000 SF grocery store
- 15,000 SF fitness center
- 5,000 SF public meeting & event space / indoor theatre

Conclusion

According to this analysis the project will generate an estimated **\$1,943,798** in one-time fees associated with permitting the project.

When fully developed the project is projected to generate annual revenues to the Town of Andover in the amount of **\$3,198,217**.

When fully developed the project's impact on Town services is projected to be **\$1,363,440**.

Based on the enclosed analysis, **the Dascomb Road Project is a fiscally net positive project for the Town of Andover**. In addition to the nearly \$2M in one-time fees, the project will generate a **net surplus of \$1,834,777 annually**.

Revenue Generated

The Dascomb Road Project will generate tax revenue to the Town of Andover through five revenue streams:

- One-Time Permitting Fees
- Real Estate Tax
- Meals Tax
- Room Occupancy Excise Tax
- Motor Vehicle Excise Tax

One-Time Permitting Fees

The project will incur fees as it progresses through the Planning Board, Building Permit, and Utility Connection permitting.

Building Permit Fees

In addition to nominal fees for applications, the project will incur the following major building permit costs. This document acknowledges there will be fees for demolition, electrical, HVAC, plumbing, and others, however, for clarity those fees are omitted because they will not substantially impact the analysis.

New Buildings	
Structure	\$13/\$1,000 of construction cost
Total Assessed Value of the Dacsomb Road Project =	\$124,250,000 (from Real Estate Tax Section below)
Total Estimated Building Permit Fees =	\$1,615,250

Planning Board Fees

Advertising	\$150
Planned Development Commercial	\$500 + \$100/multifamily unit + \$0.25/SF
Total Estimated Building Permit Fees =	\$108,150

Utility Connection Fees

Based on Title 5 Rates, the development will generate a total of 99,645 gpd consisting of 50,145 gpd for commercial uses and 49,500 gpd for residential uses.

Water Connection Fee	
Residential	\$629/unit x 225 units = \$141,525
Commercial	50,145 gpd x \$1.5729 = \$78,873
Total Water Connection Fees =	\$220,398

TOTAL PROJECTED ONE-TIME PERMITTING FEES = \$1,943,798

Real Estate Tax

Real estate taxes are based on the assessed value of building and land by the Town of Andover’s Assessor’s Department. The Town utilizes the following split tax rate for FY2017 per \$1,000:

- \$15.18 - Residential and Open Space
- \$26.46 - Commercial/Industrial and Personal Property

According to the Town of Andover Assessor’s Office website, the process of setting property assessment involves studying sales of property in Andover that occurred within specific time periods as well as categorizing properties that are “like” yours. The value of properties is then refined for location and features.

To identify properties “like” the future Dascomb Road Project, a list of assessed values has been compiled. The list includes multifamily residential and commercial properties in Andover and regional overall project comparisons.

Avalon at Andover – 460 River Rd – Andover, Massachusetts Residential Apartments Built in 2012



Assessors Information

Land	9.1 Ac
Building	115 Units
Total Assessed Value	\$28,789,400
Assessed Value/Unit	\$250,342

Hamilton Green– 311 Lowell St – Andover, Massachusetts Residential Apartments Built in 2005



Assessors Information

Land	11.5 Ac
Units	192 Units
Total Assessed Value	\$46,043,100
Assessed Value/Unit	\$239,807

Andover Medical Center Tower I – 321–325 Lowell St – Andover, Massachusetts
 Commercial Office Built in 2014



Assessors Information

Land	1.23 Ac
Building	30,240 SF
Total Assessed Value	\$5,352,100
Assessed Value/SF	\$176.98

200 Minuteman – 200 Minuteman Rd – Andover, Massachusetts
 Commercial Office Complex Built in 1998



Assessors Information

Land	20.2 Ac
Building	193,512 SF
Total Assessed Value	\$25,797,500
Assessed Value/SF	\$133.31

4 Corporate Drive – Andover, Massachusetts
 Commercial Office Complex Built in 2006



Assessors Information

Land	23.64 Ac
Building	197,203 SF
Total Assessed Value	\$30,726,000
Assessed Value/SF	\$155.81

**Thirty Four Park (Salvatore's) – 34 Park St – Andover, Massachusetts
Restaurant/Retail Built in 1998**



Assessors Information

Land	0.6 Ac
Building	12,396 SF
Total Assessed Value	\$2,531,900
Assessed Value/SF	\$204.25

Whole Foods – 40 Railroad St – Andover, MA



Assessors Information

Land	1.77 Ac
Size	45,239 SF
Total Assessed Value	\$5,019,400
Assessed Value/SF	\$110.95

**Andover Inn – 4 Chapel Ave – Andover, MA
30 Room Hotel Built in 1929**



Assessors Information

Land	2.1 Ac
Size	30 Rooms
Total Assessed Value	\$3,259,700
Assessed Value/Room	\$108,656.67

Market Street – Lynnfield, Massachusetts

Commercial Component (retail, restaurants, grocery store) Built in 2013



Assessors Information

Land	63.7 Ac
Building	410,165 SF
Total Assessed Value	\$197,916,000
Assessed Value/SF	\$482.17

Tuscan Village – Salem, New Hampshire

Mixed-Use Project, Info from Tuscan Village Fiscal and Service Impact, Aug 11, 2017



Assessors Information

Land	63.7 Ac
Building	1,961,500 SF
Total Assessed Value (projected)	\$379,990,170
Assessed Value/SF (projected)	\$193.72

Legacy Place – Dedham, Massachusetts

Commercial Component (retail, restaurants, grocery store) Built in 2009



Assessors Information

Land	17.4 Ac
Building	452,016 SF
Total Assessed Value	\$97,689,200
Assessed Value/SF	\$216.12

Assumptions

Based on the in-town and regional comparisons above, the projected assessment values are as follows:

Residential – \$250,000 / unit (inclusive of land value)

The age-restricted apartments will have better or similar access to I-93 than the market comparative examples and will be located within a development with restaurants, open space, and amenities.

Commercial – \$200 / SF (inclusive of land value)

The Market Street Lynnfield assessed value per square foot seems to be an outlier. The project is geographically located between Tuscan Village and Legacy Place and the development will be comparable or greater quality. The mix of uses, including retail and restaurant uses, will be attractive to office tenants and is expected to yield higher rent than the stand-alone office parks.

Dascomb Road Project Projected Property Value

225 Age-Restricted Residential Units x \$250,000 /unit =	\$56,250,000
340,000 SF of Commercial x \$200/SF =	\$68,000,000
TOTAL PROJECTED ASSESSED VALUE =	\$124,250,000

Projected Real Estate Tax Revenue

Applying the Town of Andover's Tax Rates as of today:

- \$15.18 – Residential and Open Space
- \$26.46 – Commercial/Industrial and Personal Property

Residential	\$56,250,000 x \$15.18/\$1,000 =	\$853,875
Commercial	\$68,000,000 x \$26.46/\$1,000 =	\$1,799,280
TOTAL PROJECTED REAL ESTATE TAX REVENUE =		\$2,653,155

Meals Tax

The Commonwealth of Massachusetts imposes a sales tax on meals sold by or brought from restaurants or any part of a store. Individual communities can also establish a local sales tax on meals. The Town of Andover participates in the local sales tax option on meals at a rate of 0.75%.

Assumptions

Within the Dascomb Road Project PUD Master Plan it is anticipated that there will be approximately 6 restaurants:

- 3 Café/Casual Restaurants (averaging \$1M revenue/year)
- 3 Fine Dining/Family Restaurants (averaging \$3M revenue/year)

3 café/casual restaurants x \$1M/yr x 0.75% local meals tax = \$22,500/year

3 fine dining restaurants x \$3M/yr x 0.75% local meals tax = \$67,500/year

TOTAL PROJECTED LOCAL MEALS TAX REVENUE = \$90,000/year

Room Occupancy Tax

The Commonwealth of Massachusetts imposes a room occupancy excise tax of 5.7% on rooms rented for \$15 or more per day. Individual communities can also exercise an option to levy up to an additional 6%. The Town of Andover exercises the full 6% local room occupancy tax in addition to the Commonwealth of Massachusetts' rate.

Assumptions

The Dascomb Road Project PUD Master Plan anticipates one high-end hotel containing 100 rooms.

Average Projected Room Rate per Night = \$200

Average Projected Occupancy Rate = 75%

100 rooms x 75% Occupancy x \$200/night x 6% local room occupancy tax

TOTAL PROJECTED ROOM OCCUPANCY TAX REVENUE = \$328,500/year

Motor Vehicle Excise Tax

The Commonwealth of Massachusetts imposes a motor vehicle excise tax upon registration of a motor vehicle. The excise rate is \$25 per \$1,000 of a vehicle's value and is billed annually by the community in which the vehicle usually resides. All revenue generated by the motor vehicle excise tax is kept by the municipality as part of treasury.

Assumptions

The Dascomb Road Project PUD Master Plan anticipates 225 units of age-restricted (55+) dwellings.

Average Projected Vehicles = 1.5 vehicles / unit

Average Value of Vehicle = \$15,000

$225 \text{ units} \times 1.5 \text{ veh/unit} \times \$15,000/\text{veh} \times (\$25/\$1,000)$

TOTAL PROJECTED MOTOR VEHICLE EXCISE TAX REVENUE = \$126,562/year

Revenue Summary

One-Time Permitting Fees Revenue	\$1,943,798
Annual Real Estate Tax Revenue	\$2,653,155
Annual Meals Tax Revenue	\$90,000
Annual Room Occupancy Tax Revenue	\$328,500
Annual Motor Vehicle Excise Tax Revenue	\$126,562
TOTAL ANNUAL TAX REVENUE	\$3,198,217

Expenditure Assumptions

Methodology

This report estimates the cost of town services to support the development by using a per capita approach. Employees and residents of the Dascomb Road Project will be accounted for in this analysis. Employees of the development will be prorated based on an average projected work day of 8 hours to calculate a resident equivalency. Because the residential component will be comprised of 55 years and older, this analysis has conservatively assumed that they remain in Andover for the full day.

The cost per capita for services in the Town of Andover was determined by using the 2016 Annual Report. As of the report, the Town had 32,396 residents.

Employment

Organizations including the United States Green Building Council (USGBC), Institute of Transportation Engineers (ITE), and the *Planner's Estimating Guide: Projecting Land-Use and Facility Needs* estimate the number of employees based on the proposed uses as follows:

<u>Use</u>	<u>Rate</u>	<u>SF/Units</u>	<u>Proj Employees</u>
Office - Over 100,000 SF	1 emp/221 SF	150,000 SF	678
Community Retail	1 emp/383 SF	50,000 SF	131
Grocery	1 emp/938 SF	35,000 SF	37
Fitness Club	1 emp/2,500 SF	15,000 SF	6
Restaurant High Turnover Sit Down	1 emp/100 SF	10,000 SF	100
Restaurant Quality Sit Down	1 emp/134 SF	10,000 SF	74
Hotel	1 emp/2,000 SF	65,000 SF	32
Residential	1 emp/25 units	225 Units	9
Public Mtg & Event Space	0 employees	5,000 SF	0
TOTAL PROJECTED EMPLOYEES			1,067

Calculate Resident Equivalency for Employees

Assumptions

Assume employees on average are on site 8 hours per day, resident equivalency per employee is 8 hours/24 hours per day = 0.33.

1,067 employees x 0.33 equivalency = **352 full-time resident equivalent**

Residents

Assumptions

The Dascomb Road Project will contain 225 units of age-restricted, over 55 housing where no resident may be under the age of 18. It is projected that the project will generate 1.5 new residents/unit.

1.5 residents/unit x 225 units = **338 residents**

352	+	338	=	690 Resident Equiv
RESIDENT EQUIVALENT EMPLOYEES	+	RESIDENTS		

Calculating the number of projected employees within the project and converting them into resident equivalents allows the study to identify costs that the Town may directly or indirectly incur to support the project's commercial component.

Combining the resident equivalent employees and the number of projected residents, the Dascomb Road project will support 690 resident equivalents. It is unlikely that the Town will hire new staff as result of the project, other than perhaps within public safety. Even so, this analysis accounts for a pro-rata share of expenditures for each service provided by the Town, using data from the Town of Andover 2016 Annual Report.

From the Annual Report, the cost of each Town service is divided by the number of residents to develop a per capita cost of each service. That per capita cost is then multiplied by the Dascomb Road Project resident equivalent to determine the pro rata share of expenditures to support the project. This is intended to be a conservative analysis and includes services that are highly unlikely to be impacted by the project.

Cost of Town Services

Assumptions

The cost of Town Services was determined by using the Town of Andover's 2016 Annual Report and dividing by the number of residents (32,396) to develop a per capita cost for applicable Town Services as follows:

<u>Service</u>	<u>Cost</u>	<u>Per Capita</u>	<u>Resident Equiv</u>	<u>Projected Cost</u>
General Government	\$7,507,979	\$232	690	\$160,080
Community Services	\$1,975,774	\$61	690	\$42,090
Municipal Maintenance	\$10,549,803	\$326	690	\$224,940
Public Safety	\$15,553,538	\$480	690	\$331,200
Water	Funded by Dascomb Road Project Water Use Fees			
Sewer	Funded by Dascomb Road Project Sewer Use Fees			
Library	\$2,715,686	\$84	690	\$57,960
School	No residents younger than 18 years old			
Technical School	No residents younger than 18 years old			
Insurance	\$728,556	\$22	690	\$15,180
Health Insurance	\$17,052,416	\$526	690	\$362,940
Retirement	\$7,929,291	\$245	690	\$169,050
TOTAL PROJECTED COST OF SERVICES				\$1,363,440